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PREFACE

This document provides basic data concerning the financing of the social security system. Its principal purpose is to describe the current manner in which the social security programs are financed, the means by which financial soundness is measured, and the current financial condition of the system, both in the short- and long-term future. Estimates of the financial condition of the system were prepared by the Social Security Administration [SSA], the Health Care Financing Administration [HCFA], and the Congressional Budget Office [CBO]. The projections provided by SSA and HCFA are based on the "intermediate II-B" and "pessimistic" assumptions contained in the 1982 Social Security Trustees' Reports. The CBO estimates are based on CBO's Fall-1982 economic assumptions. The forecasts provided by these organizations include the estimated effects of the provisions related to the social security programs contained in the "Tax Equity and Fiscal Responsibility Act of 1982" (Public Law 97-248).

It must be emphasized that all Social Security Administration estimates were based on data that did not reflect economic experience after the first quarter of 1982. These estimates are therefore subject to change. The Social Security Trustees have been requested to provide new estimates prior to congressional consideration of the financing question in February. In particular, it should be noted that the recent experience of the financial operations of the program has been somewhat more adverse than the intermediate II-B path in the Trustees' report. Those estimates showed that the combined reserves of the OASDI and HI programs would be $34.6 billion at the beginning of this year. The preliminary actual figure has turned out to be $32.7 billion. Further, the report anticipated that the retirement fund would need to borrow $11.6 billion in late 1982 to allow benefits to continue to be paid until June 1983. The actual amount borrowed was $17.5 billion. Thus, the near-term projections are likely to be somewhat more pessimistic than the intermediate II-B path reflected in this print.

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I. Method of Financing the System

BASIS OF SOCIAL SECURITY FINANCING

The various social security programs are designed, for the most part, to operate on a self-sustaining basis. The three major programs, OASI, DI and HI, receive the vast bulk of their resources from the social security tax. The OASI program pays benefits to retired workers and their dependent spouses and minor children and to the surviving spouses and minor children of deceased workers. The DI program pays benefits to disabled workers and to their dependent spouses and minor children. The HI program provides for the costs of hospitalization and certain skilled nursing home and home health care for social security beneficiaries who are over age 65 or who have been on the DI rolls for more than 2 years.

Supplementary Medical Insurance (SMI), often referred to as part B of medicare, is a fourth social security program. A person who is entitled to HI benefits will be automatically enrolled in SMI, but he may decline coverage. Other persons 65 and older, who are not eligible for the HI benefits, can enroll in SMI at certain designated times. Generally, SMI covers the cost of services furnished by doctors, hospital outpatient facilities, home health agencies, and various other medical services.

The SMI program, unlike the other three programs, is not self-sustaining. This program is heavily supported with infusions from the General Fund of the Treasury. Originally (in 1965) 50 percent of the cost of the program was borne by its beneficiaries, through monthly premiums, with the other 50 percent borne by the General Fund of the Treasury. Today, beneficiaries bear 25 percent of the cost with the remainder picked up by the General Fund. Frequently, in discussions of social security financing, the status and operation of this program is ignored, since it is not self-supporting and receives no proceeds from the social security tax.

SOURCES OF INCOME TO THE SYSTEM

About 116 million workers and their employers will pay social security taxes in 1983. The social security payroll tax is a composite of three separate tax rates supporting OASI, DI, and HI (or part A of medicare). (Actually there are only two separate taxes in the law—OASDI and HI—but the OASI/DI allocations are statutorily specified.)

Each of the three components of the overall social security tax—OASI, DI, and HI—has a separate trust fund that receives all of the taxes generated by its portion of the overall tax, and the assets accumulated from those receipts are not transferable from one fund to another, with the exception of the borrowing which was au-

thorized under limited conditions until December 31, 1982, by Public Law 97-123.

The three trust funds also receive payments from the General Fund of the Treasury for various limited expenditures from the trust funds which the Congress believes are more appropriately financed by general taxation. For example, the trust funds are reimbursed from general revenues for costs attributable to social security credits which are provided on the basis of military service during World War II. In addition, the three trust funds receive payments consisting of interest on the investments of the trust funds.

In fiscal year 1981, 96.8 percent of the receipts of the OASDHI trust funds consisted of payroll tax revenues, 1 percent represented transfers from the general fund for various expenditures, and 2 percent represented interest on investments. As for the OASI trust fund, 97.9 percent of its receipts consisted of tax revenues, less than 0.05 percent represented transfers from the general fund for various expenditures, and 2.0 percent represented interest on investments.

TABLE 1.—TOTAL SOCIAL SECURITY INCOME AND PAYROLL TAX REVENUE COMPONENT, SELECTED FISCAL YEARS 1950–81

Fiscal year	Total income (in millions)				Payroll tax income as a percent of total income			
	OASI	DI	HI	OASDHI	OASI	DI	HI	OASDHI
1950	$2,367	.....	.....	$2,367	89.0	.....	.....	89.0
1960	10,360	$1,034	.....	11,394	95.0	95.5	.....	95.0
1970	31,746	4,380	$5,614	41,740	94.4	94.5	85.2	93.2
1980	100,051	17,376	25,415	142,842	97.6	96.7	91.5	96.4
1981	121,572	12,993	32,863	167,428	97.9	96.9	92.6	96.8

Source: 1982 Social Security Trustees' reports.

TABLE 2.—GENERAL REVENUE REIMBURSEMENT AS A COMPONENT OF SOCIAL SECURITY INCOME, SELECTED FISCAL YEARS 1950–81

Fiscal year	General revenue reimbursement income[1] (in millions)				As a percentage of total income			
	OASI	DI	HI	OASDHI	OASI	DI	HI	OASDHI
1950	$4	.....	.....	$4	(2)	.....	.....	(2)
1960	.....	.....	.....	.....	.....	.....	.....	.....
1970	442	$16	$628	1,086	1	(2)	11	3
1975	447	52	529	1,028	1	1	4	1
1980	557	118	871	1,546	1	1	3	1
1981	540	130	834	1,504	(2)	1	3	1

[1] Consists of reimbursement to the trust funds for: (a) Payments resulting from noncontributory military service; (b) Cash payments to noninsured persons aged 72 or over; (c) Medicare benefits for uninsured persons; (d) Review of Medicaid and Maternal and Child Health hospital admissions.

[2] Less than 0.05 percent.

Source: 1982 Social Security Trustees' reports.

TABLE 3.—INTEREST AS A COMPONENT OF SOCIAL SECURITY INCOME, SELECTED FISCAL YEARS 1950–81

Fiscal year	Interest income (in millions)				As a percentage of total income			
	OASI	DI	HI	OASDHI	OASI	DI	HI	OASDHI
1950	$257			$257	11			11
1960	517	$47		564	5	5		5
1970	1,350	223	$137	1,710	4	5	2	4
1975	2,292	512	609	3,413	4	6	5	4
1980	1,886	453	1,039	3,378	2	3	4	2
1981	2,016	273	1,307	3,596	2	2	4	2

Source: 1982 Social Security Trustees' reports.

CURRENTLY SCHEDULED TAX RATES AND TAXABLE EARNINGS BASE

Tax rates

The tax rate on earnings is paid by employees, employers and the self-employed. The schedule of tax rates in present law is shown in the following table:

TABLE 4.—TAX RATES FOR THE SOCIAL SECURITY TRUST FUNDS, 1977 AND AFTER

[In percent]

Calendar years	OASI [1]	DI [2]	OASDI	HI [3]	Total (OASDHI)
EMPLOYERS AND EMPLOYEES, EACH					
1977	4.375	0.575	4.95	0.90	5.85
1978	4.275	.775	5.05	1.00	6.05
1979	4.330	.750	5.08	1.05	6.13
1980	4.520	.560	5.08	1.05	6.13
1981	4.700	.650	5.35	1.30	6.65
1982–84	4.575	.825	5.40	1.30	6.70
1985	4.750	.950	5.70	1.35	7.05
1986–89	4.750	.950	5.70	1.45	7.15
1990 and later	5.100	1.100	6.20	1.45	7.65
SELF-EMPLOYED PERSONS					
1977	6.1850	0.8150	7.00	0.90	7.90
1978	6.0100	1.0900	7.10	1.00	8.10
1979	6.0100	1.0400	7.05	1.05	8.10
1980	6.2725	.7775	7.05	1.05	8.10
1981	7.0250	.9750	8.00	1.30	9.30
1982–84	6.8125	1.2375	8.05	1.30	9.35
1985	7.1250	1.4250	8.55	1.35	9.90

TABLE 4.—TAX RATES FOR THE SOCIAL SECURITY TRUST FUNDS, 1977 AND AFTER—Continued

[In percent]

Calendar years	OASI [1]	DI [2]	OASDI	HI [3]	Total (OASDHI)
1986–89	7.1250	1.4250	8.55	1.45	10.00
1990 and later	7.6500	1.6500	9.30	1.45	10.75

[1] Old-age and survivors insurance.
[2] Disability insurance.
[3] Hospital insurance (part A of medicare).

Tax base

In 1983, the tax applies to the first $35,700 of an individual's earnings. In future years, the amount of earnings subject to the tax will rise depending on the increase in average wages that occurs from one year to the next.

The table which follows shows the estimated increases in the earnings base over the next few years.

TABLE 5.—ANNUAL EARNINGS SUBJECT TO SOCIAL SECURITY TAX

	Actual	CBO projections	Intermediate II–B projections	Pessimistic projections
Calendar year:				
1980	$25,900			
1981	29,700			
1982	32,400			
1983	35,700			
1984		$36,900	$37,500	$37,200
1985		39,000	40,500	39,900
1986		41,700	43,800	42,900
1987		44,700	46,800	46,800
1988		47,700	50,100	51,000
1989		51,000	53,400	55,500
1990		54,600	57,000	60,300

WORKERS WITH COVERED EARNINGS

Approximately 90 percent of all workers in the United States contribute to social security. While coverage is compulsory for most types of employment, approximately 8 million jobs are exempt from participation in the program. The majority of these noncovered positions are in the Federal, State and local governments and nonprofit organizations. Certain self-employed and part-time workers are exempted from the program largely because of their minimal annual net earnings, the irregularity of their work schedules

and the administrative difficulty of maintaining their earnings records.

While Federal civilian employment is excluded from social security coverage, Federal employees are now required to pay the HI portion of the tax, as a result of provisions contained in the "Tax Equity and Fiscal Responsibility Act" passed last year.

TABLE 6.—SOCIAL SECURITY COVERAGE [1]

[In millions]

Occupational group	Number of employees (in millions)	Covered	
		Number	Percent
Specifically exempt from coverage:			
Federal civilian employees	2.7	0.2	[2] 7.4
Voluntary coverage:			
State and local government	13.1	9.3	71.0
Nonprofit organization	6.5	5.1	78.5
Mandatorily covered:			
Industry and commerce	77.0	76.8	99.7
Farm [3]	2.0	1.5	75.0
Domestic [3]	1.9	.5	26.3
Self-employed [3]	8.6	6.5	75.6

[1] Estimates based on latest available data (1980). Estimates for some groups, such as non-profit employees, are subject to error due to rapid turnover and the number of employees holding more than one job.
[2] Federal employees who are temporary or who work for quasi-Federal agencies such as TVA are covered.
[3] Mandatorily covered if special minimum coverage requirements met. Special minimum requirements for coverage generally relate to amount of wages earned—for example, domestic employees must receive at least $50 from one employer during a calendar quarter for those wages to be covered.

Source: Office of Research and Statistics, SSA.

Tables 7, 8, and 9 show how the proportion of workers covered by social security, the proportion of all wages covered by the social security program and the proportion of covered wages subject to social security tax have changed over the years.

TABLE 7.—CIVILIAN JOBS COVERED BY SOCIAL SECURITY SYSTEM, 1939–80

Year	Paid civilian employees [1] (in millions)	OASDHI coverage (in millions)	Percent covered
1939 [2]	43.6	24.0	55.1
1944 [2]	51.2	30.8	60.2
1949 [2]	56.7	34.3	60.5
1954 [2]	59.5	45.3	76.1
1955	62.8	51.8	82.5
1956	63.2	53.2	84.2
1957	63.1	53.7	85.1
1958	62.7	53.4	85.2
1959	64.4	55.4	86.0
1960	64.6	55.7	86.2

TABLE 7.—CIVILIAN JOBS COVERED BY SOCIAL SECURITY SYSTEM, 1939–80—Continued

Year	Paid civilian employees [1] (in millions)	OASDHI coverage (in millions)	Percent covered
1961	65.3	56.1	85.9
1962	66.4	57.3	86.3
1963	67.6	58.5	86.5
1964	69.3	60.1	86.7
1965	71.6	62.8	87.7
1966	73.6	64.9	88.2
1967	74.4	65.7	88.3
1968	75.9	67.1	88.4
1969	78.0	68.6	87.9
1970	77.7	69.2	89.1
1971	79.3	69.8	88.0
1972	82.1	72.6	88.4
1973	84.9	75.6	89.0
1974	84.5	75.2	89.0
1975	84.4	75.7	89.3
1976	87.8	80.3	91.5
1977	92.0	82.1	89.2
1978	95.2	83.2	87.4
1979	97.5	87.5	89.7
1980	97.0	86.6	89.3

[1] Includes paid employees and self-employed for all years.
[2] Monthly average for these years; all other years as of December.
Source: Social Security Statistical Supplement, 1981, and Historical Statistics of the United States.

TABLE 8.—CIVILIAN WAGES COVERED BY SOCIAL SECURITY SYSTEM, 1946–82

[Dollars in millions]

Year	Total earnings	Earnings in covered employment		Total covered earnings	Percent covered earnings
		Employed	Self-employed		
1946	$148,719	$79,000	.....	$79,000	53.1
1947	158,980	92,100	.....	92,100	57.9
1948	176,366	101,900	.....	101,900	57.8
1949	171,141	99,600	.....	99,600	58.2
1950	185,705	109,400	.....	109,400	58.9
1951	214,496	131,200	$16,300	147,500	68.8
1952	228,712	141,800	16,300	158,100	69.1
1953	240,387	154,000	16,900	170,900	71.1
1954	238,030	153,200	16,700	169,900	71.4
1955	254,549	169,400	24,400	193,800	76.1
1956	272,288	186,200	28,100	214,300	78.7
1957	284,540	203,100	28,200	231,300	81.3
1958	288,209	205,600	28,300	233,900	81.2
1959	306,548	222,500	29,700	252,200	82.3

TABLE 8.—CIVILIAN WAGES COVERED BY SOCIAL SECURITY SYSTEM, 1946–82—Continued

[Dollars in millions]

Year	Total earnings	Earnings in covered employment		Total covered earnings	Percent covered earnings
		Employed	Self-employed		
1960	319,135	234,300	29,100	263,400	82.5
1961	328,052	238,800	29,900	268,700	81.9
1962	357,934	255,700	31,300	287,000	80.2
1963	363,914	268,200	31,600	299,800	82.4
1964	388,594	288,400	33,500	321,900	82.8
1965	418,941	308,600	40,200	348,800	83.3
1966	458,879	344,200	43,900	388,100	84.6
1967	488,181	374,700	44,700	419,400	85.9
1968	533,559	410,500	46,300	456,800	85.6
1969	582,713	452,500	46,900	499,400	85.7
1970	614,942	480,000	47,900	527,900	85.8
1971	650,331	505,200	50,600	555,800	85.5
1972	712,050	559,100	54,500	613,600	86.2
1973	796,447	619,800	62,800	682,600	85.7
1974	854,472	678,100	65,600	743,700	87.0
1975	896,409	717,200	70,400	787,600	87.3
1976	983,997	797,900	76,800	874,700	88.9
1977	1,087,292	887,500	80,600	968,100	89.0
1978	1,222,285	999,800	88,100	1,087,900	89.0
1979 [1]	1,367,700	1,121,200	96,200	1,217,400	89.0
1980 [1]	1,472,800	1,226,100	95,000	1,235,600	83.9
1981 [1]	1,618,600	1,349,100	98,800	1,447,900	89.5
1982 [1]	NA	1,437,500	99,000	1,536,500	NA

[1] Projected.

Source: Social Security Statistical Supplement, 1981.

TABLE 9.—TAXABLE COVERED WAGES AS A PERCENT OF ALL COVERED WAGES, 1937–78

Year	Earnings		
	Total in covered employment (in millions)	Reported taxable	
		Amount (in millions)	Percent of total
1937	$32,200	$29,620	92.0
1938	28,500	26,500	93.0
1939	32,200	29,750	92.4
1940	35,700	23,970	92.4
1941	45,500	41,850	92.0
1942	58,200	52,940	91.0
1943	69,700	62,420	89.6
1944	73,300	64,430	87.9
1945	71,600	62,950	87.9

TABLE 9.—TAXABLE COVERED WAGES AS A PERCENT OF ALL COVERED WAGES, 1937–78—Continued

Year	Earnings		
	Total in covered employment (in millions)	Reported taxable	
		Amount (in millions)	Percent of total
1946	79,300	69,090	87.1
1947	92,400	78,370	84.8
1948	102,300	84,120	82.2
1949	100,000	81,810	81.8
1950	109,800	87,500	79.7
1951	148,900	120,770	81.1
1952	159,900	128,640	80.5
1953	173,000	135,870	78.5
1954	171,900	133,520	77.7
1955	196,100	157,540	80.3
1956	216,800	170,720	78.8
1957	233,900	181,380	77.5
1958	236,500	180,720	76.4
1959	255,000	202,310	79.3
1960	265,200	207,000	78.1
1961	270,700	209,640	77.4
1962	289,000	219,050	75.8
1963	302,300	225,550	74.6
1964	324,500	236,390	72.8
1965	351,700	250,730	71.3
1966	390,700	312,540	80.0
1967	422,300	329,960	78.1
1968	460,000	375,840	81.7
1969	502,800	402,550	80.1
1970	531,600	415,600	78.2
1971	559,700	426,960	76.3
1972	617,900	484,110	78.3
1973	686,700	561,850	81.8
1974	746,700	636,760	85.3
1975	787,600	664,660	84.4
1976	874,700	737,700	84.3
1977	968,100	817,300	84.4
1978	1,087,900	915,800	84.2

Source: Social Security Statistical Supplement, 1981.

BRIEF HISTORY OF PAYROLL TAX STRUCTURE

Collection of payroll taxes began in 1937. Since that time tax rates have been amended more than 20 times. Beginning with a tax rate on employees and employers, each, of 1 percent on earnings up to $3,000 annually, the tax structure remained constant until 1950 when the rate rose to 1.5 percent. (Earlier increases had been scheduled, but legislation during the period precluded them

from going into effect.) In 1951, the earnings base increased for the first time to $3,600 annually, and the self-employed were brought under the system with a tax rate of 2.25 percent, i.e., 1.5 times the employee/employer rate. The employee/employer rate rose again to 2 percent in 1954. Coupled with many expansions in the system (the introduction of disability insurance and medicare foremost among them), more than a dozen changes in the financial structure of the system have been made since the early 1950's. Today, the maximum employee tax is $2,391.67 (6.7 percent times $35,700) and the maximum tax for a self-employed worker is $3,337.95 (9.35 percent times $35,700). A summary of the year-by-year tax rates and earnings bases since 1937 is provided in the following table.

TABLE 10.—HISTORICAL SOCIAL SECURITY TAX LEVELS

Calendar years	OASDHI tax rates and taxable earnings bases			Maximum OASDHI tax payment	
	Taxable earnings base	Employer and employee, each	Self-employed	Employer and employee, each	Self-employed
1937–49	$3,000	1.0	.....	$30.00	.....
1950	3,000	1.5	.....	45.00	.....
1951–53	3,600	1.5	2.25	54.00	$81.00
1954	3,600	2.0	3.0	72.00	108.00
1955–56	4,200	2.0	3.0	84.00	126.00
1957–58	4,200	2.25	3.375	94.50	141.75
1959	4,800	2.50	3.75	120.00	180.00
1960–61	4,800	3.0	4.5	144.00	216.00
1962	4,800	3.125	4.7	150.00	225.60
1963–65	4,800	3.625	5.4	174.00	259.20
1966	6,600	4.2	6.15	277.20	405.90
1967	6,600	4.4	6.4	290.40	422.40
1968	7,800	4.4	6.4	343.20	499.20
1969–70	7,800	4.8	6.9	374.40	538.20
1971	7,800	5.2	7.5	405.60	585.00
1972	9,000	5.2	7.5	468.00	675.00
1973	10,800	5.85	8.0	631.80	864.00
1974	13,200	5.85	7.9	772.20	1,042.80
1975	14,100	5.85	7.9	824.85	1,113.90
1976	15,300	5.85	7.9	895.05	1,208.70
1977	16,500	5.85	7.9	965.25	1,303.50
1978	17,700	6.05	8.1	1,070.85	1,433.70
1979	22,900	6.13	8.1	1,403.77	1,854.90
1980	25,900	6.13	8.1	1,587.67	2,097.90
1981	29,700	6.65	9.3	1,975.05	2,762.10
1982	32,400	6.70	9.35	2,170.08	3,029.40
1983	35,700	6.70	9.35	2,391.67	3,337.95

II. Measuring the Ability of the OASDHI Programs To Meet Their Expenses

Because confidence in the security provided by the programs is based on the ability of the social security tax revenues to cover benefit obligations, Congress has traditionally insisted on periodic and thorough analyses of the actuarial status of the programs both over the short range and over a long-range period extending well into the future. The Social Security Act requires an analysis of the status of each of the trust funds annually under the direction of the Board of Trustees of those funds. (The Secretaries of Health and Human Services, Labor, and Treasury constitute the Board of Trustees.) The Trustees are required to transmit these annual reports to the Congress no later than April 1 of each year. Once transmitted, the Trustees' reports and their findings as to the financial status of the funds form the usual benchmarks for discussion of the short-range and long-range status of the programs.

Social security financing must provide revenues which are sufficient to match planned benefit payments. To achieve that goal, Congress needs reasonably reliable projections of future income and outgo. In addition, a margin for error must be left so that the system can ride out unpredictable fluctuations and so that there will be time for Congressional action to compensate for any situation where the projections prove seriously inaccurate.

Prior to the 1972 amendments, the program had a built-in safety margin in that benefit increases could occur only through specific legislative action. In addition, actuarial projects were intentionally made on a "level-wage basis." This means that actuarial estimates were made on the basis of wage rates in effect the year the estimates were made with no anticipation of future growth. In other words, prior to 1972, productivity gains were not predicted—and therefore not spent—until they actually developed. When productivity gains did occur, they were available either to compensate for errors in estimation or to pay the cost of benefit increases or other liberalizations.

The 1972 amendments, which provided for automatic benefit increases, required a shift to dynamic estimates of future income and outgo, and made the system much more sensitive to changes in economic conditions and, therefore, made estimates of its future financial condition much more uncertain.

The automatic cost-of-living adjustment (COLA) makes the system's financing extremely sensitive to changes in the economy, especially to real wage changes—the amount by which increases in wages exceed increases in prices. If wages grow faster than prices, trust fund income stays ahead of benefit increases. If prices grow faster than wages, income fails behind in the short run requiring the use of trust fund reserves to pay benefits.

SHORT-RANGE FINANCIAL ADEQUACY

In the short-range, in order to assure that benefit payments can be made when due, a margin must be allowed to accommodate cyclical patterns of tax collections and benefit outgo. A further margin is necessary to accommodate actual economic experience which may prove more adverse than projected trends, so that Congress will have time to enact necessary changes in the law (tax increases or benefit reductions) and to provide time for any such changes to be implemented in an orderly manner.

There is no hard and fast rule as to what is the minimum acceptable trust fund level. If the trust fund balance falls below 9 percent at the start of a month, there would be inadequate funds to meet that month's benefit payments. A somewhat higher level would be needed to provide a margin of safety. Just how much higher is a matter of judgment.

In the early 1970's, the standard of adequacy in the short term was a trust fund reserve level equivalent to between 9 months and 15 months of benefit payments or 75 to 125 percent of annual outgo. That standard has not been met since 1973.

The 1977 amendments provided substantial additional financing for the program both through benefit reductions and tax increases. Further strengthening of the system resulted from benefit reductions enacted in 1980 and 1981. At the time of the 1977 Amendments, it was estimated that the changes made that year would assure a minimum OASDI reserve level of at least 25 percent of one year's benefits in the near term—a reserve of 3 months of benefit payments.

The 1977 amendments were enacted to avert projected shortfalls resulting from a flaw in the benefit formula which, in combination with successive years of high inflation, was increasing benefits much more than had been anticipated. The 1977 legislation corrected the flaw in the formula, reduced overall future benefits somewhat, and raised taxes in the future. These changes were expected to assure adequate financing into the next century. (These changes also had the effect of reducing the long-term deficit to 1.4 percent of total payroll, only a fraction of the 8.2 percent deficit projected before the amendments.)

However, today's short-term financing crisis is the result of two factors: (1) 5 years of a weak economy, with recurring cycles of high inflation coupled with low productivity and high unemployment (see table 11); and (2) insufficient reserve levels provided by the tax increases and benefit cuts enacted in 1977 but which did not take full effect until 1981 and later (see tables 12 and 13).

At the time of the 1977 amendments, the OASDI trust funds had a reserve of 37 percent, which was expected to fall to 25 percent by early 1981. The largest tax increases were, therefore, delayed until 1981, 1985, and 1990, and the full effect of the technical corrections in the formula and reducing benefits for new beneficiaries was delayed until 1983.

Economic conditions since 1977, however, turned out to be far worse than the assumptions on which the 1977 amendments were based. For example, the 1980 benefit increase cost about $13 billion more than had been predicted in 1977. Benefit increases raised

trust fund outlays higher than previously predicted, as indicated in the table below, at exactly the same time as real wages were declining and unemployment was increasing, reducing trust fund income. The OASI program has had to use reserves to make up for shortfalls in income every year since 1977. As a result, even though $8.7 billion was reallocated from DI to OASI in 1980 and 1981, OASI reserves are now depleted, and DI/HI reserves loaned $17.5 billion to OASI in late 1982 to make benefit payments.

TABLE 11.—COMPARISON OF KEY ECONOMIC INDICATORS, 1977 FORECAST AND ACTUAL EXPERIENCE

Calendar year	CPI increase		Real wages		Unemployment	
	Est.	Actual	Est.	Actual	Est.	Actual
1977	6.0	6.5	2.4	1.6	7.1	7.0
1978	5.4	7.6	2.7	0.6	6.3	6.0
1979	5.3	11.5	2.5	−2.7	5.7	5.8
1980	4.7	13.5	2.4	−4.9	5.2	7.1
1981	4.1	10.3	2.3	−1.6	5.0	7.6

TABLE 12.—COMPARISON OF OASDI RESERVES PROJECTED UPON ENACTMENT OF 1977 AMENDMENTS AND VARIOUS CURRENT FORECASTS

[In percent]

Calendar year	OASDI reserves at beginning of year as percent of outgo during the year			
	1977 estimate	CBO [1]	1982 trustees' II–B [1]	1982 trustees' pessimistic assumptions [1]
1980	26	25	25	25
1981	25	18	18	18
1982	30	15	15	15
1983	36	11	11	11
1984	41	2	3	1
1985	45	−6	−4	−11
1986	52	−8	−7	−19
1987	59	−8	−9	−27

[1] All estimates include the effects of the recently enacted Tax Equity and Fiscal Responsibility Act of 1982.

TABLE 13.—COMPARISON OF COMBINED OASDI AND HI RESERVES PROJECTED UPON ENACTMENT OF 1977 AMENDMENTS AND VARIOUS CURRENT FORECASTS

[In percent]

Calendar years	OASDHI reserves at beginning of year as percent of outgo during the year			
	1977 estimate	CBO [1]	1982 trustees' 11–B [1]	1982 trustees' pessimistic assumptions [1]
1980	29	29	29	29
1981	38	23	23	23
1982	34	22	22	22
1983	39	16	16	16
1984	42	9	10	8
1985	43	3	5	−2
1986	47	2	3	−10
1987	50	2	1	−17

[1] All estimates include the effects of the Tax Equity and Fiscal Responsibility Act of 1982.

The 1977 experience would seem to argue for using a relatively pessimistic set of economic assumptions in determining whatever minimum reserve level is chosen. While it took 10 years to erode most of the 1-year reserve cushion that existed in the OASDI trust funds in 1970, it took only 5 years (from 1976 to 1981) for the combined OASDHI reserves to fall by 35 percentage points. (OASDHI reserves stood at 60 percent of 1-year's outgo at the beginning of 1976, but were only 23 percent of 1-year's outgo at the beginning of 1981.) Thus, even on a relatively short time frame basis, say only a 5-year period, a contingency reserve of 3 months' worth of assets (25 percent of 1-year's outgo) would hardly give much assurance that the system could be kept out of red ink. If one expected Congress to take action annually on social security, as it does with appropriation bills for other activities of the Government, then a 25-percent reserve would be quite ample, for it is not likely that even under the most adverse economic conditions, such a reserve would be used up in a single year. However, if one wanted the system to be self-sufficient for many years into the future, planning to have a 25- or 50-percent reserve for even 5 years from now would provide relatively little assurance that Congress would not have to intercede again.

LONG-RANGE STANDARD OF FINANCIAL ADEQUACY

The long-range status of the program is estimated on the basis of a variety of economic and demographic factors. Many of these are highly subject to fluctuation and very difficult to predict with any degree of accuracy. Included are such factors as birth and immigration rates, level of economic activity, inflation, and mortality. Three paths have usually been projected in making long-range estimates: a pessimistic path, an optimistic path, and an intermediate path. (The 1982 report also includes a fourth path (II–A) with reflects more optimistic economic assumptions combined with intermediate demographic assumptions).

It is unlikely, of course, that the actuaries will actually succeed in projecting an intermediate path which exactly predicts the net outcome of all the various elements over a 75-year period. However, the projections do represent a "best estimate" as of any point in time. As such, the long-range projections provide a valuable guide to trends which indicate any imbalance in the system, allowing Congress to make necessary corrections gradually and thus avoid sudden shocks that the system would have difficulty absorbing, and that taxpayers and beneficiaries would have difficulty accepting. The intermediate assumptions are generally considered to be an acceptable gauge of a long-range soundness. Using those assumptions, the system is considered to be sound if income is sufficient over the 75-year period to meet outgo.

III. The Current Status of the Program

Over the period 1973 to 1977, the actuarial forecasts of the financial condition of social security prepared by the Board of Trustees repeatedly warned that the programs were not adequately financed. Moreover, these forecasts grew dramatically worse from one report to the next. In 1973, the Board of Trustees reported a long-range deficit in the old age and survivors insurance (OASI) and disability insurance (DI) trust funds of 0.32 percent of taxable payroll, an amount equal to slightly less than 3 percent of the expected expenditures of the program. No financial difficulties were foreseen for the next 5 years, and it was estimated that trust fund reserves on hand at the beginning of 1977 would amount to more than 9 month's worth of benefits. In 1977, just 4 years later, the trustees were projecting a long-range deficit of 8.2 percent of taxable payroll, an amount equal to more than 40 percent of the expected expenditures of the programs. Moreover, it was estimated then that the assets of the DI trust fund would be exhausted by 1979, the assets of the OASI trust fund would be exhausted by the early-1980's, and the assets of the hospital insurance (HI) trust fund would be exhausted by the late 1980's.

In response to this deteriorating financial situation, legislation was enacted in 1977 which constrained the overall level of future benefits in the long term, and also provided for additional income by increasing both the social security tax rates in the near term and the amount of annual earnings subject to social security taxation.

The changes enacted in 1977 were projected at that time to reduce the long-term deficit to 0.4 percent and to be sufficient to assure adequate funds to meet benefit payments in the cash benefits programs until some time beyond the year 2025, although earlier action would be required to deal with the deficits in the HI program. The 1977 projections proved inaccurate in the short run, however, because of adverse economic conditions.

Since 1977, the poor performance of the economy has been reflected in increasingly gloomy projections in each year's trustees' report. Given the 1980 trustees' report projections and the Carter administration's July 1980 forecast, Congress found it necessary to reallocate a greater portion of overall social security tax receipts to the OASI trust fund. H.R. 7670, as passed by the House and Senate, reallocated revenues from the DI program to the OASI program for calendar years 1980 and 1981. President Carter signed the measure on October 9, 1980 (Public Law 96–403). This reallocation of the tax rates eliminated the possibility of a financing deficiency through the end of 1981. (The measure reshuffled the tax allocations to the two funds only for 1980 and 1981). The old law allocations were not altered for 1982 and later. This action was intended to give the

committees and Congress time to consider the various alternatives to solve the system's financing problems.

In February 1981, President Reagan announced his "program for economic recovery" which called for both reductions in Federal expenditures and taxes. Various social security cutbacks were included in the budget reductions. They involved such changes as eliminating the "minimum benefit," phasing out the student benefit, limiting eligibility for the lump sum death benefit and tightening eligibility for disability benefits. Many of these proposals, as well as others added by the House Committee on Ways and Means, were eventually enacted as part of the "Omnibus Budget Reconciliation Act of 1981" passed by Congress in July 1981 and signed into law by President Reagan on August 13, 1981 as Public Law 97-35. These changes were estimated to reduce OASDI and HI expenditures by approximately $27 billion over the calendar year 1981-86 period.

Although primarily motivated as budget reduction measures, these provisions were also expected to help mitigate the system's financial problems. The 1981 intermediate II-B Trustees' forecast, updated in the fall of 1981 to take account of the budget reconciliation measures, indicated that "interfund borrowing" or a tax reallocation would be a sufficient legislative measure to avoid financial problems at least for the next few years, but would be inadequate to avoid financial problems later on.

This forecast was not altered significantly by the enactment of Public Law 97-123 in December 1981 which restored the minimum benefit and authorized interfund borrowing for one year between the OASI, DI, and HI trust funds. Interfund borrowing assured that the OASI trust fund would remain solvent until mid-1983.

The long range saving from the Reconcilation Act was estimated to be 0.17 percent of taxable payroll under the intermediate II-B assumptions—thereby bringing about a small reduction in the long run deficit. Public Law 97-123 had only a marginal effect on the long run situation.

In April 1982 the 1982 Trustees' Report was issued. Its two intermediate forecasts showed that the OASI trust fund would run into trouble in mid-1983, and that interfund borrowing beyond that point would only postpone the problem for a year or so. (The optimistic assumptions, however, showed that interfund borrowing would be a sufficient measure to keep the system in sound shape.) The long run forecasts were about the same as in the December 1981 forecast (when Congress adopted the limited interfund borrowing provision), showing just a slight worsening, mostly due to technical forecasting changes.

Later in the summer President Reagan's mid-session (July) 1982 budget estimates showed a gloomier forecast than was projected in his February budget. These later estimates were very close to those reflected under the intermediate II-B assumptions in the 1982 Trustees' Report, showing that all three funds together (assuming further interfund borrowing) would be unable to meet their obligations in mid-1984.

Shortly after this forecast was made the Congress passed the Tax Equity and Fiscal Responsibility Act of 1982. While the social security cash programs were not affected, the new law calls for

substantial changes in the medicare program. These changes are expected to improve the financial condition of the medicare program by creating nearly $16 billion in outlay reductions and $11 billion in new revenues over the next 5 years (1983–87). Consequently, the overall condition, of the social security system was improved slightly. This improvement, however, was not expected to eliminate the system's near-term problem, but only push the potential insolvency point back a few months possibly into late 1984 or early 1985, as opposed to mid-1984 (assuming interfund borrowing were permitted to continue).

More detailed information about the financial effects of recent legislation on the social security program is provided in section VIII of this report.

THE SHORT-RANGE SITUATION

The income and outgo of the social security funds are highly sensitive to changes in economic conditions. High rates of unemployment, for example, tend to depress social security tax collections while high rates of inflation increase tax collections but even more subtantially increase benefit outgo.

On December 31, 1982, the old-age and survivors' insurance trust fund borrowed $13.5 billion from the disability insurance and health insurance trust funds in order to assure the timely payment of benefits through June 1983. OASI borrowed a total of $17.5 billion from DI and HI from October to December of last year including the $13.5 billion borrowed on December 31, 1982.

Under the most recent forecasts issued by the administration (intermediate II–B and pessimistic updated to take account of the 1982 Tax Act) as well as under the most recent CBO forecast (which also takes into account the Tax Act), the balance in the OASI fund will decline such that only the availability of funds borrowed from DI and HI will allow benefits to be paid on time through June 1983. Because of the expiration of that borrowing authority, under all these forecasts the OASI program will be unable to pay benefits on time beginning on July 3, 1983.

The reserve balance of the three trust funds at the beginning of 1983 are shown in the following table.

TABLE 14.—SOCIAL SECURITY TRUST FUND RESERVES: JANUARY 1, 1983

Trust fund	Reserves (in billions)	Reserves at end of 1982 as percent of 1983 outgo
OASI	[1] $21.7	14
DI	2.7	15
HI	8.3	23
OASDI	24.4	14
OASDHI	32.7	15

[1] Includes $17.5 billion, borrowed from DI and HI trust funds.

An extension of the interfund borrowing authority would permit the timely payment of benefits through 1983 under all three sets of assumptions. The estimated date beyond which benefits could not be paid timely would range from early to late 1984, depending on which of the three forecasts is examined. However, it must be remembered that the funds are in fact statutorily separate. Legislation would have to be enacted to permit a surplus in one fund to be used to meet a deficit in another fund. Also, the more favorable short-range situation of the combined funds largely results from very near-term surpluses in the HI trust fund. Over the next 25 years, however, that fund is projected to be seriously underfunded. Thus, any shifting of funds from HI to OASI will aggravate the long-range actuarial imbalance in that program.

Under fairly pessimistic economic assumptions for the rest of this decade (characterized to be a "sluggish" economy), the National Commission on Social Security Reform has estimated that OASDI alone will need between $150–200 billion through 1989, to guarantee benefit payments and to build up a minimal reserve of 15 percent of a year's benefit payments by 1989. The HI fund faces no immediate problem, but a more serious shortfall emerges beginning in 1987. This HI shortfall is projected to increase each year so that by 1990 or so, the fund will be permanently depleted, with no projected recovery. (More detailed data about these forecasts are provided in section V of this report.)

As shown in table 15, the cumulative deficit in OASDI for the period 1983–89 totals $72.6 billion under Trustees' intermediate assumptions. Counting the $18.9 billion in OASDI reserves at the start of 1983, this leaves a cumulative deficiency of resources for OASDI of $53.7 billion by the end of 1989. While this deficit is substantial, it is important to note that it represents only a 3.3 percent deficit during this period. Additional funding of this amount however, would not be sufficient to make timely benefit payments due both to fluctuations in income and outgo during a year and the uncertainty of economic projections.

TABLE 15.—RESOURCE CHANGES DURING CALENDAR YEARS 1983–89 IN SOCIAL SECURITY TRUST FUNDS UNDER PRESENT LAW—VARIOUS ASSUMPTIONS [1]

[In billions]

Fund	Estimated income to be received during calendar year period, 1983–89	Outgo during calendar year period 1983–89	Cumulative deficit 1983–89 [2]	Resources on hand at start of CY 1983 (reserves)	Net deficiency 1983–89	Percent deficiency 1983–89
CBO economic assumptions: [3]						
OASI	$1,235.3	$1,411.7	−$176.4	$18.0	−$158.4	−11.2
OASI and DI	1,513.3	1,562.2	−48.9	19.6	−29.3	−1.9
OASI, DI, and HI	1,927.4	1,992.7	−65.3	34.3	−31.0	−1.6

TABLE 15.—RESOURCE CHANGES DURING CALENDAR YEARS 1983–89 IN SOCIAL SECURITY TRUST FUNDS UNDER PRESENT LAW—VARIOUS ASSUMPTIONS [1]—Continued

[In billions]

Fund	Estimated income to be received during calendar year period, 1983–89	Outgo during calendar year period 1983–89	Cumulative deficit 1983–89 [2]	Resources on hand at start of CY 1983 (reserves)	Net deficiency 1983–89	Percent deficiency 1983–89
1982 Trustees' II–B assumptions:						
OASI	1,261.4	1,462.9	−201.5	17.3	−184.2	−12.6
OASI and DI	1,550.9	1,623.5	−72.6	18.9	−53.7	−3.3
OASI, DI, and HI	1,982.2	2,050.4	−68.2	34.6	−33.6	−1.6
1982 Trustees' pessimistic assumptions:						
OASI	1,242.8	1,593.4	−350.6	18.0	−332.6	−20.9
OASI and DI	1,539.2	1,766.2	−227.0	19.6	−207.4	−11.7
OASI, DI, and HI	1,971.9	2,239.9	−268.0	34.5	−233.5	−10.4

[1] All estimates take into account the effects of P.L. 97–248, the Tax Equity and Fiscal Responsibility Act of 1982. The Trustees' report estimates assume the continuation of the hospital cost containment provision of TEFRA beyond 1985, the expiration date in present law. CBO estimates do not.

[2] Calculated as income minus outgo, allowing for no reserves.

[3] Preliminary CBO estimates. Estimates for 1982 through 1985 are based on economic assumptions used for the September 1982 CBO budget update. Projections for the remainder of the period are based on economic assumptions representing a quick return to a non-cyclical trend growth path which incorporates the average post-World War II productivity growth rate of approximately 2 percent per year.

The following tables provide detailed projections (through calendar year 1990) of income and outgo for the three social security trust funds under CBO assumptions, the Trustees' intermediate II–B assumptions, and the Trustees' pessimistic assumptions. Estimates computed on a fiscal year basis under these same economic assumptions appear as tables 25, 26, and 27, below. Under each of the assumptions, OASI, which has been running a deficit since 1974, is expected to spend more than it takes in (i.e., run an annual deficit) in each year through 1990 and until the mid-1990's under the intermediate and pessimistic assumptions. Under CBO and the Trustees' intermediate assumptions, the annual deficit in OASI is $20–$40 billion; under the Trustees' pessimistic assumptions, the annual deficit is considerably higher, exceeding $50 billion in 1987 and reaching $81 billion by 1989. (See tables 16–18.)

TABLE 16.—ESTIMATED TRUST FUND OPERATIONS: CBO ECONOMIC ASSUMPTIONS, CY 1980–90 [1]

[In billions]

Calendar year	Income [2]					Outgo				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	$105.8	$13.9	$119.7	$26.1	$145.8	$107.7	$15.9	$123.5	$25.6	$149.1
1981	125.[illegible]	17.1	142.4	35.7	178.2	126.7	17.7	144.4	30.7	175.1
1982	138.6	17.1	155.7	31.5	187.2	142.0	18.6	160.6	35.6	196.2
1983	134.7	25.2	159.9	42.7	202.6	156.1	19.5	175.6	39.4	215.0
1984	145.3	28.0	173.3	46.8	220.1	169.4	19.7	189.1	44.1	233.2
1985	162.7	35.3	198.0	52.7	250.7	182.9	19.8	202.7	50.1	252.7
1986	176.2	40.3	216.5	60.9	277.4	198.7	20.5	219.2	59.4	278.5
1987	190.3	44.7	235.0	65.7	300.8	215.7	21.6	237.3	69.1	306.4
1988	205.4	49.7	255.1	70.4	325.5	234.8	23.5	258.3	78.8	337.1
1989	220.7	54.8	275.5	74.8	350.3	254.1	25.9	280.0	89.7	369.8
1990	254.5	67.8	322.3	79.0	401.2	274.4	28.3	302.7	102.1	404.8

	Net increase in funds					Funds at end of year					Assets at beginning of year as a percentage of outgo during year				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	−$1.8	−$2.0	−$3.8	−$0.5	−$3.3	$22.8	$3.6	$26.5	$13.7	$40.2	23.0	35.0	25.0	52.0	29.0
1981	−1.3	−0.6	−1.9	5.0	3.1	21.5	3.0	24.5	18.7	43.3	18.0	21.0	18.0	45.0	23.0
1982	−3.4	−1.5	−4.9	−4.1	−9.0	18.0	1.6	19.6	14.6	34.3	15.1	16.4	15.3	52.6	22.1
1983	−21.4	5.7	−15.7	3.3	−12.4	−3.4	7.3	3.9	17.9	21.8	11.5	8.3	11.2	37.1	15.9
1984	−24.1	8.3	−15.8	2.7	−13.1	−27.6	15.6	−12.0	20.6	8.7	−2.0	37.2	2.1	40.6	9.4
1985	−20.2	15.5	−4.7	2.6	−2.0	−47.8	31.2	−16.6	23.2	6.6	−15.1	78.9	−5.9	41.1	3.4
1986	−22.5	19.8	−2.7	1.5	−1.1	−70.3	51.0	−19.3	24.8	5.4	−24.0	152.2	−7.6	39.1	2.4

1987	−25.4	23.1	−2.3	−3.4	−5.6	−95.6	74.1	−21.5	21.4	−0.1	−32.6	236.1	−8.1	35.8	1.8
1988	−29.4	26.2	−3.2	−8.4	−11.6	−125.0	100.3	−24.7	13.0	−11.7	−40.7	315.8	−8.3	27.1	−0.1
1989	−33.4	28.9	−4.5	−14.9	−19.5	−158.5	129.2	−29.3	−1.9	−31.2	−49.2	387.6	−8.8	14.5	−3.2
1990	−19.9	39.5	19.6	−23.1	−3.6	−178.5	168.7	−9.8	−25.0	−34.8	−57.8	456.8	−9.7	−1.9	−7.7

[1] Includes the effects of the Tax Equity and Fiscal Responsibility Act of 1982, including the expiration of the hospital cost containment provision (Section 101) in 1985. In calendar years when January 1 occurs on a Friday, that year's benefit payment is paid in December of the preceding year; CBO estimates do not take this effect into account. Estimates are preliminary CBO estimates. Estimates for 1982 through 1985 are based on economic assumptions used for the September 1982 CBO budget updates. Projections for the remainder of the period are based on economic assumptions representing a quick return to a non-cyclical trend growth path which incorporates the average post World War II productivity growth rate of approximately 2 percent per year.

[2] Income to the trust funds is budget authority. It includes payroll tax receipts, interest on balances and certain general fund transfers. Income in fiscal year 1983 reflects interfund transfers as authorized under P.L. 97–123. In order to better illustrate the operations of the trust funds under extended interfund or other types of borrowing or under tax rate reallocation, estimated interest payments owed by a trust fund when it shows a deficit are included as negative values in the income estimates of that trust fund.

TABLE 17.—ESTIMATED TRUST FUND OPERATIONS: 1982 TRUSTEES' REPORT INTERMEDIATE (II–B) ASSUMPTIONS, CALENDAR YEARS 1980–90 [1]

[In billions]

Calendar year	Income					Outgo				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	$105.8	$13.9	$119.7	$26.1	$145.8	$107.7	$15.9	$123.5	$25.6	$149.1
1981	125.4	17.1	142.4	35.7	178.2	126.7	17.7	144.4	30.7	175.1
1982	137.7	16.6	154.3	32.6	187.0	141.9	18.1	160.0	35.6	195.6
1983	136.5	26.1	162.6	44.0	206.6	156.5	19.0	175.5	40.8	216.3
1984	149.2	29.6	178.8	48.4	227.2	173.0	19.9	192.9	46.3	239.2
1985	167.3	37.5	204.8	54.5	259.3	190.9	21.3	212.2	51.9	264.1
1986	180.9	42.0	222.9	63.2	286.1	208.5	22.7	231.2	58.8	290.0
1987	194.5	46.5	241.0	68.5	309.5	226.3	24.2	250.6	66.9	317.5
1988	209.1	51.3	260.4	73.8	334.2	244.5	25.8	270.3	76.0	346.4
1989	223.9	56.5	280.4	78.9	359.3	263.2	27.6	290.8	86.1	376.9
1990	257.7	69.6	326.7	83.8	410.5	282.2	29.4	311.6	96.8	408.4

TABLE 17.—ESTIMATED TRUST FUND OPERATIONS: 1982 TRUSTEES' REPORT INTERMEDIATE (II–B) ASSUMPTIONS, CALENDAR YEARS 1980–90 [1]—Continued

[In billions]

Calendar year	Net increase in funds					Funds at end of year					Assets at beginning of year as a percentage of outgo during year				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	−1.8	−2.0	−3.8	0.5	−3.3	22.8	3.6	26.5	13.7	40.2	23	35	25	52	29
1981	−1.3	−0.6	−1.9	5.0	3.1	21.5	3.0	24.5	18.7	43.3	18	21	18	45	23
1982	−4.2	−1.5	−5.7	−3.0	−8.6	17.3	1.6	18.9	15.8	34.6	15	17	15	53	22
1983	−20.0	7.1	−12.8	3.2	−9.6	−2.6	8.7	6.1	19.0	25.0	11	8	11	39	16
1984	−23.8	9.7	−14.1	2.1	−12.0	−26.4	18.4	−8.0	21.0	13.0	−2	44	3	41	10
1985	−23.6	16.2	−7.4	2.6	−4.8	−50.0	34.6	−15.4	23.6	8.2	−14	86	−4	41	5
1986	−27.6	19.2	−8.4	4.4	−3.9	−77.6	53.8	−23.8	28.0	4.3	−24	152	−7	40	3
1987	−31.8	22.2	−9.6	1.6	−7.9	−109.4	76.1	−33.4	29.7	−3.7	−34	222	−9	42	1
1988	−35.4	25.5	−9.9	−2.3	−12.2	−144.9	101.6	−43.3	27.4	−15.9	−45	294	−12	39	−1
1989	−39.3	28.9	−10.4	−7.2	−17.7	−184.2	130.4	−53.7	20.2	−33.6	−55	368	−15	32	−4
1990	−25.1	40.2	15.1	−13.0	2.1	−209.3	170.6	−38.7	7.2	−31.5	−65	443	−17	21	−8

[1] Includes the effects of the Tax Equity and Fiscal Responsibility Act of 1982. Assumes that hospital cost containment provision will be extended beyond 1985, the expiration date in P.L. 97–248 (TEFRA).

1. The income figures for 1982, and the end-of-year asset figures for 1982 and later, reflect the transfer of funds from the DI and HI Trust Funds to the OASI Trust Fund under the interfund borrowing authority provided by Public Law 97–123. Under this set of assumptions, a total of $11.6 billion would have been transferred to OASI in 1982; $6.2 billion from DI and $5.5 billion from HI.

2. The estimated operations for OASI, OASDI, and OASDI and HI combined in 1983 and later are theoretical since, following the expiration of the present law interfund borrowing authority, the OASI Trust Fund would become depleted in July 1983 when assets would become insufficient to pay benefits when due.

TABLE 18.—ESTIMATED TRUST FUND OPERATIONS: 1982 TRUSTEES' REPORT PESSIMISTIC ASSUMPTIONS, CALENDAR YEARS 1980–90 [1]

[In billions]

Calendar year	Income					Outgo				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	$105.8	$13.9	$119.7	$26.1	$145.8	$107.7	$15.9	$123.5	$25.6	$149.1
1981	125.4	17.1	142.4	35.7	178.2	126.7	17.7	144.4	30.7	175.1
1982	138.4	16.6	155.1	31.8	186.9	141.9	18.1	160.0	35.6	195.6
1983	133.3	25.6	158.9	43.0	201.9	157.7	19.1	176.8	40.8	217.6
1984	142.9	28.7	171.6	47.0	218.6	177.2	20.3	197.5	46.7	244.2
1985	162.3	37.1	199.4	53.7	253.2	199.8	22.2	222.0	54.2	276.3
1986	177.3	42.4	219.7	63.1	282.8	224.0	24.3	248.3	63.7	312.0
1987	192.6	48.0	240.6	69.3	309.9	250.2	26.5	276.6	75.2	351.9
1988	208.8	54.0	262.8	75.3	338.2	277.7	28.9	306.6	88.7	395.3
1989	225.6	60.6	286.2	81.1	367.3	306.8	31.6	338.4	104.2	442.6
1990	262.5	76.1	338.5	86.5	425.0	337.5	34.4	372.0	121.7	493.6

	Net increase in funds				Total	Funds at end of year					Assets at beginning of year as a percentage of outgo during year				
	OASI	DI	OASDI	HI		OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	−$1.8	−$2.0	−$3.8	−$0.5	−$3.3	$22.8	$3.6	$26.5	$13.7	$40.2	23	35	25	52	29
1981	−1.3	−0.6	−1.9	5.0	3.1	21.5	3.0	24.5	18.7	43.3	18	21	18	45	23
1982	−3.5	−1.5	−5.0	−3.8	−8.7	18.0	1.6	19.6	15.0	34.5	15	17	15	53	22
1983	−24.4	6.5	−17.9	2.2	−15.6	−6.4	8.1	1.7	17.2	18.9	11	8	11	37	16
1984	−34.3	8.4	−25.9	.2	−25.7	−40.7	16.4	−24.3	17.5	−6.8	−4	40	1	37	8

TABLE 18.—ESTIMATED TRUST FUND OPERATIONS: 1982 TRUSTEES' REPORT PESSIMISTIC ASSUMPTIONS, CALENDAR YEARS 1980–90 [1]—Continued

[In billions]

	Net increase in funds				Total	Funds at end of year					Assets at beginning of year as a percentage of outgo during year				
	OASI	DI	OASDI	HI		OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1985.....	−37.5	14.9	−22.6	−.5	−23.1	−78.2	31.4	−46.8	17.0	−29.9	−20	74	−11	32	−2
1986.....	−46.7	18.2	−28.5	−.6	−29.1	−124.9	49.5	−75.4	16.4	−59.0	−35	129	−19	27	−10
1987.....	−57.6	21.5	−36.1	−5.9	−42.0	−182.5	71.0	−111.4	10.5	−101.0	−50	187	−27	22	−17
1988.....	−68.9	25.1	−43.8	−13.3	−57.1	−251.3	96.1	−155.2	−2.9	−158.1	−66	246	−36	12	−26
1989.....	−81.2	29.0	−52.2	−23.1	−75.3	−332.6	125.1	−207.4	−26.0	−233.4	−82	305	−46	−3	−36
1990.....	−75.1	41.6	−33.5	−35.2	−68.6	−407.6	166.8	−240.9	−61.1	−302.0	−99	363	−56	−21	−47

[1] Includes effects of the Tax Equity and Fiscal Responsibility Act of 1982. Assumes that hospital cost containment provision will be extended beyond 1985, the expiration date in P.L. 97–248 (TEFRA).

1. The income figures for 1982, and the end-of-year asset figures for 1982 and later, reflect the transfer of funds from the DI and HI Trust Funds to the OASI Trust Fund under the interfund borrowing authority provided by Public Law 97–123. Under this set of assumptions, a total of $12.4 billion would have been transferred to OASI in 1982, $6.1 billion from DI and $6.3 from HI.

2. The estimated operations for OASI, OASDI, and OASDI and HI combined in 1983 and later are theoretical since, following the expiration of the interfund borrowing authority, the OASI Trust Fund would become depleted in July 1983 when assets would become insufficient to pay benefits when due. Similarly, the HI Trust Fund operations in 1988 and later are theoretical, since the fund would be depleted in 1988 under this set of assumptions.

Table 19, which condenses the information in tables 16–18, illustrates the status of the trust funds in a different way. Reserve ratios (i.e., assets at the beginning of the year as a percentage of outgo during the year) are shown for the two cash benefit programs (OASI and DI) combined, and for all three programs. Under each set of economic assumptions, reserves as a fraction of outgo (for OASI in combination with DI, as well as with DI and HI), are projected to fall continuously between now and the end of the decade, becoming negative for OASDI in 1985 and for OASDHI sometime between 1985 and 1989. Insolvency would occur some years prior to these dates—in 1984 for OASDHI—when reserves first fall below the amount required to pay one month's benefits (about 9 percent of outgo.).

TABLE 19.—OASDI AND OASDHI RESERVE RATIOS [1] UNDER VARIOUS ASSUMPTIONS, 1980–90

Calendar year	Assets at beginning of year as a percentage of outgo during year	
	OASDI	OASDHI
1982 trustees report "II–B" assumptions:		
1980	25	29
1981	18	23
1982	15	22
1983	11	16
1984	3	10
1985	−4	5
1986	−7	3
1987	−9	1
1988	−12	−1
1989	−15	−4
1990	−17	−8
1982 trustees report pessimistic assumptions:		
1980	25	29
1981	18	23
1982	15	22
1983	11	16
1984	1	8
1985	−11	−2
1986	−19	−10
1987	−27	−17
1988	−36	−26
1989	−46	−36
1990	−56	−47
CBO economic assumptions:		
1980	25	29
1981	18	23
1982	15	22
1983	11	16
1984	2	9
1985	−6	3

TABLE 19.—OASDI AND OASDHI RESERVE RATIOS [1] UNDER VARIOUS ASSUMPTIONS, 1980–90—Continued

Calendar year	Assets at beginning of year as a percentage of outgo during year	
	OASDI	OASDHI
1986	−8	2
1987	−8	2
1988	−8	0
1989	−9	−3
1990	−10	−8

[1] Includes effects of the Tax Equity and Fiscal Responsibility Act of 1982.

THE LONG-RANGE SITUATION

Because the social security program has been designed as a quasi-contractual system in which those who pay the taxes supporting it are considered to be earning the right to future benefits, Congress has traditionally required long-range estimates of the program's actuarial balance and has set future tax rates with a view to assuring that the income of the program will be sufficient to cover its outgo. Under current procedures, the long-range actuarial analysis of the cash benefits program covers a 75-year period—this would generally be long enough to cover the anticipated retirement years of those currently in the work force.

The long-range status of the social security trust funds is ordinarily expressed in terms of "percent of taxable payroll" rather than in dollar amounts. This permits a direct comparison between the tax rate actually in the law and the cost of the program. For example, if the program is projected to have a deficit of "1 percent of taxable payroll," this means that the social security tax rates now in the law would have to be increased by 0.5 percent points on employee and employer, each, in order to pay for the benefits due under present law. (Alternatively, the program could be brought back into balance by an equivalent reduction in benefit outgo or by a combination of revenue increases and outgo reductions.)

Table 20 provides estimates of the long-range actuarial status of the social security cash benefit programs over the next 75 years. These estimates are based on the intermediate II-B assumptions used in the 1982 Trustees' report, updated to take account of the 1982 Tax Act. The table shows that the cash benefits trust funds, despite their deficit in the next few years, have a surplus over the next 25 years.

Beginning in 1990, however, and continuing over the next two decades, under intermediate assumptions the situation reverses and income substantially exceeds outgo. This is partly a result of increases in social security taxes scheduled under present law, partly a result of the fact that the cohort of workers retiring at that time were born in the 1930's and early 1940's, low birth rate

years, and partly because of the assumption of a much improved economic picture.

As shown in table 21, OASDI reserves as a fraction of outgo are projected to rise continuously from 2 percent in 1993 to 179 percent in 2010. Over the 25-year period 1982–2006, this translates into a surplus of 0.66 percent, or in 1985 dollars, about $10 billion per year.

However, the HI program has, over that same period, a deficit of more than 2 times the magnitude of the cash benefit surplus. When all three funds are combined, the programs have an aggregate deficit both over the next 25 years and throughout the 75-year valuation period.

Over the next 75 years, the cash benefits programs have a deficit of 1.80 percent of payroll. This means that—under the actuaries' best current estimates—social security taxes would have to be increased by a combined 1.80 percentage points (i.e., 0.9 percentage points for employers and employees) for each of the next 75 years in order to bring the system into balance.

If the deficit in the OASDI program is not addressed in the near term, it becomes substantially larger on an annual basis in the future. For the last one-third of the 75-year period, an average annual deficit of 4.39 percent of taxable payroll is projected.

Unlike the OASDI program, the 75-year estimates are not made for the HI program to show the long range condition of that program. HI estimates only extend into the future for a 25-year period. Unlike the medium-range OASDI financial situation, the 25-year forecast for the HI program is very adverse. As the following table shows, the HI program is projected to take in revenues that on average are equal to 2.86 percent of taxable payroll, while its outgo on average will equal 4.34 percent of taxable payroll. Thus, the HI program is projected to have an average deficit for the medium-term future of 1.48 percent of taxable payroll.

When the OASDI surplus and this HI deficit are joined in one set of medium-range projections, the OASDHI programs combined show a medium range deficit equal to 0.82 percent of taxable payroll. Thus, on an aggregate basis, the three programs supported by the payroll tax are insufficiently financed over the next 25 years—i.e., even assuming the OASDI surpluses were used for the HI program, the sytem in aggregate is underfinanced.

TABLE 20.—LONG-RANGE STATUS OF THE OASDHI TRUST FUNDS

[Percent of taxable payroll]

	25-yr periods		2032–2056	75-yr period 1982–2056
	1982–2006	2007–2031		
OASDI:				
Income	12.01	12.40	12.40	12.27
Outgo	11.35	14.08	16.79	14.07
Balance	.66	−1.68	−4.39	−1.80
HI:				
Income	2.86	(1)	(1)	(1)

TABLE 20.—LONG-RANGE STATUS OF THE OASDHI TRUST FUNDS—Continued

[Percent of taxable payroll]

	25-yr periods		2032–2056	75-yr period 1982–2056
	1982–2006	2007–2031		
Outgo	4.34	(1)	(1)	(1)
Balance	−1.48	(1)	(1)	(1)
OASDHI:				
Income	14.87	(1)	(1)	(1)
Outgo	15.69	(1)	(1)	(1)
Balance	−.82	(1)	(1)	(1)

[1] 75-year estimates are not completed by HCFA because of a high degree of uncertainty in projecting hospital costs through this period.

Source: SSA, HCFA based on 1982 trustees' Intermediate II–B assumptions, adjusted to reflect enactment of the Tax Equity and Fiscal Responsibility Act of 1982.

Under the intermediate (II–B) projections which show surpluses in OASDI in the 1990's and through the balance of the 25-year period, OASDI is projected to run large deficits beginning around 2015. As shown in table 21, the cost of OASDI rises after the turn of the century, reaching 17 percent of payroll by 2035. (In other words, the combined employee-employer tax rate in 2035 would have to be 17 percent in order to finance retirement, survivors, and disability benefits alone.) Under intermediate assumptions, the OASDI deficit becomes so large that the trust fund ratio is projected to fall in a 10-year period from 179 percent in 2015 to 33 percent in 2025, and reserves would be totally exhausted a few years later.

TABLE 21.—COMBINED OASDI OUTGO AS A PERCENT OF TAXABLE PAYROLL AND COMPARISON WITH SCHEDULED TAX RATE [1]

[In percent]

Calendar year	OASDI outgo	Tax rate	Difference	Trust fund ratio
1981	11.30	10.70	−0.60	18
1982	11.76	10.80	−.96	15
1983	11.64	10.80	−.84	11
1984	11.59	10.80	−.79	3
1985	11.66	11.40	−.26	−4
1986	11.68	11.40	−.28	−7
1987	11.69	11.40	−.29	−9
1988	11.66	11.40	−.26	−12
1989	11.63	11.40	−.23	−15
1990	11.62	12.40	.78	−17
1991	11.57	12.40	.83	−12
1992	11.52	12.40	.88	−5
1993	11.49	12.40	.91	2
1994	11.44	12.40	.96	9
1995	11.40	12.40	1.00	17

TABLE 21.—COMBINED OASDI OUTGO AS A PERCENT OF TAXABLE PAYROLL AND COMPARISON WITH SCHEDULED TAX RATE [1]—Continued

[In percent]

Calendar year	OASDI outgo	Tax rate	Difference	Trust fund ratio
1996	11.33	12.40	1.07	26
1997	11.24	12.40	1.16	35
1998	11.16	12.40	1.24	45
1999	11.08	12.40	1.32	56
2000	11.02	12.40	1.38	67
2001	10.96	12.40	1.44	79
2002	10.91	12.40	1.49	92
2003	10.89	12.40	1.51	105
2004	10.89	12.40	1.51	118
2005	10.94	12.40	1.46	131
2010	11.52	12.40	.88	179
2015	12.81	12.40	—.41	179
2020	14.44	12.40	—2.04	127
2025	15.96	12.40	—3.56	33
2030	16.82	12.40	—4.42	([2])
2035	17.01	12.40	—4.61	([2])
2040	16.79	12.40	—4.39	([2])
2045	16.65	12.40	—4.25	([2])
2050	16.71	12.40	—4.31	([2])
2055	16.80	12.40	—4.40	([2])
2060	16.80	12.40	—4.40	([2])
25-year averages:				
1982–2006	11.35	12.01	.66	.....
2007–2031	14.08	12.40	—1.68	.....
2032–2056	16.79	12.40	—4.39	.....
75-year average:				
1982–2056	14.07	12.27	—1.80	.....

[1] Based on 1982 Trustees Report, alternative II–B assumptions, including effects of the Tax Equity and Fiscal Responsibility Act of 1982.

[2] The fund is projected to be exhausted and not to recover before the end of the projection period.

IV. Resolving the Financing Problem—Increasing Revenue or Decreasing Outgo

As long as the nature of the social security program as a self contained system is maintained, the adequacy of its financing will depend on its generating enough income to cover planned benefit payments and to provide whatever additional reserve margin is determined to be necessary. In the simplest terms, restoring the soundness of the program must be achieved by increasing revenues, by reducing benefits, or by a combination of the two.

INCREASING REVENUES

The most direct method of increasing revenues to the program is through an increase in the social security tax rate or in the taxable earnings base (the maximum amount of annual earnings to which the tax rate applies). The 1977 amendments provided for significant increases in both of these elements. The increased income to the program in 1982–1990 from the tax rate and base increases is shown in table 22. While a tax rate increase results in no additional future outgo, an earnings base increase will ultimately result in $1 of additional outgo for each $2 of additional income it generates.

TABLE 22.—ADDITIONAL TAX CONTRIBUTION INCOME TO THE OASI, DI, AND HI TRUST FUNDS RESULTING FROM SCHEDULED INCREASES IN TAX RATES AND THE TAXABLE EARNINGS BASE FOR 1982–90 [1]

[In billions]

Calendar year	Additional tax contributions due to—								
	Increases in the taxable earnings base over the 1981 level			Increases in tax rates over the 1981 level			Increases in both the taxable earnings base and tax rates over 1981 level		
	OASDI	HI	Total	OASDI	HI	Total	OASDI	HI	Total
1982	$1.3	$0.3	$1.6	$0.3	.....	$0.3	$1.6	$0.3	$1.90
1983	5.1	1.2	6.3	1.4	.....	1.4	6.5	1.2	7.7
1984	8.7	2.1	10.7	1.6	.....	1.6	10.3	2.1	12.4
1985	13.3	3.2	16.5	11.3	$1.6	12.9	25.4	4.9	30.3
1986	19.0	4.6	23.6	12.6	5.2	17.7	32.8	10.2	43.0
1987	25.4	6.1	31.5	13.3	5.6	18.9	40.4	12.4	52.7
1988	33.0	7.9	40.9	14.0	5.9	19.9	49.2	14.7	63.9
1989	41.5	10.0	51.5	14.7	6.2	21.0	59.0	17.3	76.3
1990	51.0	12.2	63.2	36.5	6.5	43.0	95.1	20.1	115.3

[1] The above estimates are based on the economic assumptions underlying the intermediate II–B case in the 1982 trustees report. The combined effect of both rate and base changes is larger than the sum of the components due to interaction.

Additional revenue could also be achieved by expanding the coverage of the program. The major noncovered groups are Federal employees, those State and local employees who have not been covered under Federal-State agreements and employees of nonprofit organizations who have not elected coverage.

Other potential revenue sources sometimes advocated include general revenues or earmarked revenues from some source other than the payroll tax such as an income surtax, a value-added tax, excise taxes, or taxing social security benefits.

Table 23 shows the amount of additional income that would need to be raised through one or more of these devices in order to insure the financial solvency of the system through the 1980's.

TABLE 23.—ADDITIONAL RESOURCES REQUIRED UNDER PRESENT LAW IN THE NEAR TERM TO BRING OASDHI RESERVES UP TO CERTAIN LEVELS [1]

[In billions of dollars]

	Additional resources required [2]		
	CBO	1982 trustees' intermediate (II–B)	1982 trustees' pessimistic assumptions
Percent of 1 year's expenditures desired at beginning of 1986:			
9 percent (1 mo)	18.5	16	52
13 percent	29.6	26	62
20 percent	49.1	44	83
30 percent	77.0	70	108
40 percent	104.8	96	136
50 percent (6 mo)	132.7	123	163
Percent of 1 year's expenditures desired at beginning of 1988:			
9 percent (1 mo)	30.5	30	115
13 percent	43.9	40	126
20 percent	67.5	60	151
30 percent	101.2	88	180
40 percent	135.0	118	212
50 percent (6 mo)	168.7	150	245
Percent of 1 year's expenditures desired at beginning of 1990:			
9 percent (1 mo)	67.6	59	225
13 percent	83.8	70	239
20 percent	112.2	93	264
30 percent	152.6	123	301
40 percent	193.1	161	339
50 percent (6 mo)	233.6	190	378

[1] Table includes the effects of the Tax Equity and Fiscal Responsibility Act of 1982.

[2] CBO estimates and trustees estimates are not directly comparable because CBO numbers include added interest on larger trust fund balances, while trustees numbers do not.

DECREASING OUTGO

The other alternative for improving the financial situation of social security is a change in the benefit structure in order to lower projected benefit payments.

In general, proposals to improve the program's financial status by reducing benefit costs can be categorized as (1) targeted proposals designed to eliminate specific types of benefits or (2) general reductions which apply in a substantially equal way to all beneficiaries (or at least to all future beneficiaries).

Another way of classifying proposals is between those which represent a cutback from where the program is at present and those which restrain future program growth. Most "targeted" reductions—since they deal with specific elements of entitlements now in the law—would fall into the category of cutbacks from where the program is at present. Generalized reductions, however, can fall in either category. An example of this distinction can be found in the 1977 changes in the benefit computation formula. The automatic indexing provisions enacted in 1972 resulted in a rate of benefit growth which by 1977 was generally recognized as excessive. To curb this growth rate, Congress in the 1977 amendments adopted a new formula for computing initial benefit amounts. If that 1977 change had simply slowed the rate of future growth, it could have been categorized as representing a restraint on program growth, but not a cutback from the then current situation of the program. In fact, however, in order to improve the financial status of the program, the 1977 amendments not only slowed future growth but actually rolled back initial benefit amounts.

Table 24 shows the amount of benefit reductions that would be needed in order to insure the financial solvency of the social security system during the next decade.

TABLE 24.—BENEFIT REDUCTIONS REQUIRED UNDER PRESENT LAW IN THE NEAR TERM TO BRING OASDHI RESERVES UP TO CERTAIN LEVELS [1]

[In billions of dollars]

	Benefit reductions required [2]		
	CBO	1982 trustees' intermediate (II–B)	1982 trustees' pessimistic assumptions
Percent of 1 year's expenditures desired at beginning of 1986:			
9 percent (1 mo)	18.0	16	49
13 percent	28.5	22	58
20 percent	46.4	41	76
30 percent	70.9	63	97
40 percent	94.0	84	117
50 percent (6 mo)	116.0	103	136

TABLE 24.—BENEFIT REDUCTIONS REQUIRED UNDER PRESENT LAW IN THE NEAR TERM TO BRING OASDHI RESERVES UP TO CERTAIN LEVELS [1]—Continued

[In billions of dollars]

	Benefit reductions required [2]		
	CBO	1982 trustees' intermediate (II–B)	1982 trustees' pessimistic assumptions
Percent of 1 year's expenditures desired at beginning of 1988:			
9 percent (1 mo)	30.0	29	113
13 percent	42.9	39	123
20 percent	65.2	58	141
30 percent	96.0	84	168
40 percent	125.8	109	194
50 percent (6 mo)	154.6	134	218
Percent of 1 year's expenditures desired at beginning of 1990:			
9 percent (1 mo)	66.8	60	221
13 percent	82.4	70	232
20 percent	109.3	90	253
30 percent	146.8	126	293
40 percent	183.3	159	323
50 percent (6 mo)	219.0	193	352

[1] Table includes the effects of the Tax Equity and Fiscal Responsibility Act of 1982.

[2] CBO estimates and trustees estimates are not directly comparable because CBO numbers include added interest on larger trust fund balances, while trustees numbers do not.

V. Additional Data Dealing With Short-Range Projections

The following tables provide detailed projections of income and outgo and the difference between income and outgo for the three funds over the next 10 years under CBO assumptions, trustees intermediate II-B assumptions, and trustees pessimistic assumptions. The trustees optimistic and intermediate II-A projections have been omitted because the continued sluggish performance of the economy since they were issued in April 1982 has shown them to be too optimistic.

TABLE 25.—ESTIMATED OPERATIONS OF THE OASI, DI AND HI TRUST FUNDS,[1] CBO ECONOMIC ASSUMPTIONS, FISCAL YEARS 1980–90

[In billions]

Fiscal year	Income					Outgo				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI [2]	Total
1980	$100.1	$17.4	$117.4	$25.4	$142.8	$103.2	$15.3	$118.5	$24.3	$142.8
1981	121.6	13.0	134.6	32.9	167.4	122.3	17.3	139.6	29.3	168.8
1982	127.4	21.3	148.7	37.6	186.3	138.3	18.4	156.7	34.5	191.1
1983	144.5	18.7	163.2	35.7	198.9	152.6	19.2	171.8	37.8	209.5
1984	143.3	27.3	170.6	46.0	216.6	166.2	19.7	185.9	43.0	228.8
1985	158.9	33.6	192.5	51.5	243.9	179.0	19.7	198.7	48.6	247.2
1986	173.6	39.1	212.7	58.9	271.6	194.6	20.1	214.7	57.2	271.9
1987	186.9	43.3	230.2	64.6	294.8	211.3	21.2	232.5	66.9	299.4
1988	203.1	48.4	251.5	69.7	321.2	229.8	23.0	252.8	76.3	329.0
1989	217.7	53.2	270.9	74.0	344.9	249.4	25.3	274.7	86.9	361.5
1990	246.9	64.2	311.1	78.3	389.4	269.2	27.7	296.9	98.9	395.8

	Net increase in funds					Funds at end of year					Assets at beginning of year as a percentage of outgo during year				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	−$3.2	$2.1	−$1.1	$1.1	(3)	$24.6	$7.7	$32.2	$14.5	$46.7	27.0	37.0	28.0	55.0	33.0
1981	−0.7	−4.3	−5.0	3.6	−1.4	23.8	3.4	27.2	18.1	45.3	20.0	44.0	23.0	50.0	28.0
1982	−10.9	2.9	−8.0	3.1	−4.8	12.9	6.4	19.3	21.3	40.5	17.2	18.5	17.4	52.5	23.7

1983.....	−8.1	−0.5	−8.6	−2.1	−10.6	4.8	5.9	10.7	19.2	29.8	8.5	33.1	11.2	56.3	19.3
1984.....	−22.9	7.6	−15.3	3.0	−12.2	−18.4	13.5	−4.9	22.2	17.3	2.9	29.9	5.8	44.6	13.0
1985.....	−20.1	13.9	−6.2	2.9	−3.3	−38.2	27.4	−10.8	25.2	14.3	−10.1	68.7	−2.5	45.8	7.1
1986.....	−21.0	19.0	−2.0	1.7	−0.3	−59.2	46.4	−12.8	26.8	14.0	−19.6	136.4	−5.0	43.9	5.3
1987.....	−24.3	22.1	−2.3	−2.3	−4.6	−83.6	68.6	−15.0	24.5	9.5	−28.0	219.3	−5.5	40.1	4.7
1988.....	−26.7	25.4	−1.3	−6.6	−7.8	−110.2	94.0	−16.2	18.0	1.7	−36.4	298.6	−5.9	32.2	2.9
1989.....	−31.7	27.9	−3.8	−12.9	−16.6	−141.9	122.0	−19.9	5.1	−14.9	−44.2	372.2	−5.9	20.7	0.5
1990.....	−22.3	36.5	14.2	−20.6	−6.4	−164.2	158.4	−5.8	−15.5	−21.3	−52.7	439.7	−6.7	5.2	−3.8

[1] Includes the effects of the Tax Equity and Fiscal Responsibility Act of 1982.
[2] Does not reflect the effects of the delay in periodic interim payments provided under Public Law 97–248.
[3] Less than $0.1 billion.

1. The income figures for 1982, and the end-of-year asset figures for 1982 and later, reflect the transfer of funds from the DI and HI Trust Funds to the OASI Trust Fund under the interfund borrowing authority provided by Public Law 97–123. Under this set of assumptions, a total of $12.4 billion would be transferred to OASI in 1982, $6.1 billion from DI and $6.3 billion from HI.

2. The estimated operations for OASI, OASDI, and OASDI and HI combined in 1983 and later are theoretical since, following the expiration of the present law interfund borrowing authority, the OASI Trust Fund would become depleted in July 1983 when assets would become insufficient to pay benefits when due. Similarly, the HI Trust Fund operations in 1988 and later are theoretical, since the fund would be depleted in 1988 under this set of assumptions.

TABLE 26.—ESTIMATED OPERATIONS FOR THE OASI, DI AND HI TRUST FUNDS,[1] 1982 TRUSTEES REPORT II–B ASSUMPTIONS, FISCAL YEARS 1980–90

[In billions]

Fiscal year	Income					Outgo				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI [2]	Total
1980.....	$100.1	$17.4	$117.4	$25.4	$142.8	$103.2	$15.3	$118.5	$24.3	$142.8
1981.....	121.6	13.0	134.6	32.9	167.4	122.3	17.3	139.6	29.3	168.8
1982.....	126.8	21.3	148.1	37.6	185.7	138.0	18.0	156.0	34.4	190.4
1983.....	146.4	19.0	165.5	37.2	202.7	153.0	18.8	171.8	39.5	211.3
1984.....	147.2	28.6	175.8	47.5	223.3	168.7	19.5	188.2	45.0	233.2
1985.....	163.5	35.3	198.8	53.1	251.9	186.5	20.9	207.5	50.6	258.1
1986.....	178.4	40.7	219.0	61.2	280.2	204.0	22.4	226.4	56.8	283.3

TABLE 26.—ESTIMATED OPERATIONS FOR THE OASI, DI AND HI TRUST FUNDS,[1] 1982 TRUSTEES REPORT II–B ASSUMPTIONS, FISCAL YEARS 1980–90—Continued

[In billions]

Fiscal year	Income					Outgo				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI[2]	Total
1987	191.4	44.9	236.4	67.3	303.7	221.9	23.8	245.7	64.7	310.5
1988	206.7	49.9	256.5	72.9	329.4	239.9	25.4	265.3	73.6	339.0
1989	221.1	54.8	275.9	78.0	353.9	258.5	27.1	285.7	83.5	369.1
1990	249.5	65.8	315.4	83.1	398.4	277.5	29.0	306.5	93.9	400.4

	Net increase in funds					Funds at end of year					Assets at beginning of year as a percentage of outgo during year				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	−$3.2	−$2.1	−$1.1	$1.1	[3]	$24.6	$7.7	$32.2	$14.5	$46.7	27	37	28	55	33
1981	−0.7	−4.3	−5.0	3.6	−1.4	23.8	3.4	27.2	18.1	45.3	20	44	23	50	28
1982	−11.2	3.3	−7.9	3.2	−4.7	12.7	6.7	19.3	21.3	40.6	17	19	17	53	24
1983	−6.5	.2	−6.3	−2.3	−8.6	6.2	6.9	13.1	19.0	32.0	8	35	11	54	19
1984	−21.5	9.1	−12.4	2.5	−9.9	−15.3	16.0	.6	21.5	22.1	4	35	7	42	14
1985	−23.0	14.3	−8.7	2.5	−6.2	−38.4	30.3	−8.1	24.0	15.9	−8	76	(2)	42	9
1986	−25.7	18.3	−7.4	4.4	−3.0	−64.0	48.6	−15.5	28.4	12.9	−19	135	−4	42	6

1987.....	−30.5	21.1	−9.4	2.6	−6.8	−94.5	69.7	−24.8	30.9	6.1	−29	204	−6	44	4
1988.....	−33.2	24.4	−8.8	−.7	−9.5	−127.7	94.1	−33.6	30.2	−3.4	−39	274	−9	42	2
1989.....	−37.4	27.7	−9.7	−5.4	−15.2	−165.1	−121.8	−43.8	24.8	−18.6	−49	347	−12	36	−1
1990.....	−28.0	36.9	8.9	−10.8	−1.9	−193.1	158.6	−34.5	13.9	−20.6	−60	420	−14	26	−5

[1] Includes effects of Tax Equity and Fiscal Responsibility Act of 1982.
[2] Does not reflect the effects of the delay in periodic interim payments provided under Public Law 97–248.
[3] Less than $0.1 billion.

1. The income futures for 1983, and the end-of-year asset figures for 1983 and later, reflect the transfer of funds from the DI and HI Trust Funds to the OASI Trust Fund under the interfund borrowing authority provided by Public Law 97–123. Under this set of assumptions, a total of $11.6 billion would be transferred to OASI in 1983, $6.2 billion from DI and $5.5 billion from HI.

2. The estimated operations for OASI, OASDI, and OASDI and HI combined in 1983 and later are theoretical since, following the expiration of the present law interfund borrowing authority, the OASI Trust Fund would become depleted in July 1983 when assets would become insufficient to pay benefits when due. Similarly, the HI Trust Fund operations in 1991 are theoretical, since the fund would be depleted in 1991 under this set of assumptions.

TABLE 27.—ESTIMATED OPERATIONS OF THE OASI, DI AND HI TRUST FUNDS,[1] 1982 TRUSTEES REPORT PESSIMISTIC ASSUMPTIONS, FISCAL YEARS 1980–90

[In billions]

Fiscal year	Income					Outgo				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI[2]	Total
1980.....	$100.1	$17.1	$117.4	$25.4	$142.8	$103.2	$15.3	$118.5	$24.3	$142.8
1981.....	121.6	13.0	134.6	32.9	167.4	122.3	17.3	139.6	29.3	168.8
1982.....	126.8	21.3	148.1	37.6	185.7	138.0	18.0	156.0	34.4	190.4
1983.....	145.4	18.7	164.1	35.8	199 9	153.6	18.9	172.5	39.5	212.0
1984.....	141.1	27.7	168.8	46.0	214.8	171.9	19.9	191.8	45.2	237.0
1985.....	158.8	34.8	193.5	52.2	245.7	194.1	21.7	215.8	52.4	268.2
1986.....	175.2	40.9	216.1	61.1	277.2	217.7	23.7	241.4	61.1	302.5
1987.....	189.9	46.1	235.9	68.0	303.9	243.5	25.9	269.4	72.2	341.6
1988.....	206.9	52.2	259.1	74.5	333.6	270.7	28.3	299.0	85.1	384.1

TABLE 27.—ESTIMATED OPERATIONS OF THE OASI, DI AND HI TRUST FUNDS,[1] 1982 TRUSTEES REPORT PESSIMISTIC ASSUMPTIONS, FISCAL YEARS 1980–90—Continued

[In billions]

Fiscal year	Income					Outgo				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI[2]	Total
1989	223.3	58.4	281.7	80.6	362.3	299.4	30.9	330.2	100.1	430.3
1990	255.1	71.6	326.7	86.7	413.4	329.8	33.7	363.5	117.0	480.4

	Net increase in funds					Funds at end of year					Assets at beginning of year as a percentage of outgo during year				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	−$3.2	$2.1	−$1.1	$1.1	(3)	$24.6	$7.7	$32.2	$14.5	$46.7	27	37	28	55	33
1981	−0.7	−4.3	−5.0	3.6	−1.4	23.8	3.4	27.2	18.1	45.3	20	44	23	50	28
1982	−11.2	3.3	−7.9	3.2	−4.7	12.7	6.7	19.3	21.3	40.6	17	19	17	53	24
1983	−8.3	−.1	−8.4	−3.7	−12.1	4.4	6.5	10.9	17.6	28.5	8	35	11	54	19
1984	−30.8	7.8	−23.0	.7	−22.3	−26.4	14.3	−12.1	18.3	6.3	3	33	6	39	12
1985	−35.3	13.1	−22.2	−.2	−22.5	−61.7	27.4	−34.3	18.1	−16.2	−14	66	−6	35	2
1986	−42.5	17.2	−25.3	(2)	−25.3	−104.2	44.5	−59.6	18.1	−41.5	−28	115	−14	30	−5
1987	−53.7	20.2	−33.5	−4.2	−37.7	−157.9	64.8	−93.2	13.9	−79.2	−43	172	−22	25	−12
1988	−63.8	23.9	−39.9	−10.6	−50.5	−221.8	88.7	−133.1	3.4	−129.7	−58	229	−31	16	−21

1989.....	−76.1	27.6	−48.5	−19.5	−68.0	−297.9	116.3	−181.6	−16.1	197.7	−74	287	−40	3	−30
1990.....	−74.7	37.9	−36.8	−30.3	−67.1	−372.5	154.1	−218.4	−46.4	−264.8	−90	345	−50	−14	−41

[1] Includes effects of the Tax Equity and Fiscal Responsibility Act of 1982.

[2] Does not reflect the effects of the delay in periodic interim payments provided under Public Law 97–248. See covering memorandum for a more complete explanation.

[3] Less than $0.1 billion.

1. The income figures for 1983, and the end-of-year asset figures for 1983 and later, reflect the transfer of funds from the DI and HI Trust Funds to the OASI Trust Fund under the interfund borrowing authority provided by Public Law 97–123. Under this set of assumptions, a total of $12.4 billion would be transferred to OASI in 1983 in 1983, $6.1 billion from DI and $6.3 billion from HI.

2. The estimated operations for OASI, OASDI, and OASDI and HI combined in 1983 and later are theoretical since, following the expiration of the present law interfund borrowing authority, the OASI Trust Fund would become depleted in July 1983 when assets would become insufficient to pay benefits when due. Similarly, the HI Trust Fund operations in 1989 and later are theoretical, since the fund would be depleted in 1989 under this set of assumptions.

VI. Additional Data Dealing With Long Range Projections

The following tables provide detailed projections of income and outgo to the social security programs over the longer-run future—75 years for the cash benefit programs and 25 years for HI.

TABLE 28.—HI OUTGO AS PERCENT OF TAXABLE PAYROLL, AND COMPARISON WITH SCHEDULED TAX RATE [1] (INTERMEDIATE II–B ASSUMPTIONS, 1982–2006)

[Percent of taxable payroll]

Calendar year	HI outgo	Tax rate	Difference	Reserve ratio [2 3] (percent)
1981	2.39	[3] 2.6	+.21	45
1982	2.97	2.6	−.37	53
1983	2.58	2.6	+.02	39
1984	2.67	2.6	−.07	41
1985	2.74	2.7	−.04	41
1986	2.86	2.9	+.04	40
1987	3.01	2.9	−.11	42
1988	3.17	2.9	−.27	39
1989	3.34	2.9	−.44	32
1990	3.51	2.9	−.61	21
1991	3.69	2.9	−.79	7
1992	3.87	2.9	−.97	([4])
1993	4.09	2.9	−1.19	.....
1994	4.27	2.9	−1.37	.....
1995	4.47	2.9	−1.57	.....
1996	4.66	2.9	−1.76	.....
1997	4.85	2.9	−1.95	.....
1998	5.05	2.9	−2.15	.....
1999	5.21	2.9	−2.31	.....
2000	5.38	2.9	−2.48	.....
2001	5.55	2.9	−2.65	.....
2002	5.72	2.9	−2.82	.....
2003	5.90	2.9	−3.00	.....
2004	6.09	2.9	−3.19	.....
2005	6.29	2.9	−3.39	.....
Average:				
1982–2006	4.34	2.86	−1.48	.....

[1] Based on 1982 trustees report, alternative II–B assumptions, including effects of the Tax Equity and Fiscal Responsibility Act of 1982.
[2] Reflects estimated cost of interfund loan from HI to OASI of $5.5 billion in calendar year 1982.
[3] Trust fund beginning of year as a percent of outgo during year.
[4] Trust fund is depleted in 1991.

TABLE 29.—OASDI OUTGO AS A PERCENT OF GNP,[1] 1982–2060

Year	Intermediate II–B assumptions[1]	Pessimistic assumptions[2]
1982	5.15	5.18
1983	5.05	5.25
1984	5.02	5.26
1985	5.03	5.26
1986	5.03	5.30
1987	5.02	5.33
1988	4.99	5.35
1989	4.96	5.37
1990	4.93	5.37
1991	4.90	5.37
1992	4.87	5.34
1993	4.84	5.33
1994	4.79	5.31
1995	4.75	5.32
1996	4.69	5.30
1997	4.64	5.26
1998	4.58	5.21
1999	4.53	5.17
2000	4.48	5.14
2001	4.44	5.12
2002	4.40	5.09
2003	4.37	5.07
2004	4.36	5.06
2005	4.36	5.08
2010	4.51	5.33
2015	4.92	5.89
2020	5.44	6.63
2025	5.90	7.37
2030	6.09	7.87
2035	6.05	8.13
2040	5.86	8.22
2045	5.70	8.35
2050	5.61	8.52
2055	5.54	8.61
2060	5.43	8.59
75-year average:		
1982–2056	5.27	6.69

[1] Based on 1982 trustees' report, alternative II–B assumptions. Includes effects of the Tax Equity and Fiscal Responsibility Act of 1982.

[2] Based on 1982 trustees' report, alternative III assumptions. Includes effects of the Tax Equity and Fiscal Responsibility Act of 1982.

TABLE 30.—PAST AND FUTURE EARNINGS LEVELS, BENEFITS IN ACTUAL AND CONSTANT DOLLARS, AND REPLACEMENT RATES, FOR RETIRED WORKERS ONLY AT AGE 62 [1]

Calendar year	Actual earnings in previous year			Annual initial benefit amount (actual dollars)			Annual initial benefit amount (1982 constant dollars)			Replacement rates (in percent)		
	Lower earner	Average earner	Maximum earner	Lower earner	Average earner	Maximum earner	Lower earner	Average earner	Maximum earner	Lower earner	Average earner	Maximum earner
1965	2,600	4,576			1,120	1,233	2,574	3,599	3,957	30.8	24.5	25.7
1970	3,328	5,894			1,563	1,761	2,857	4,077	4,597	33.0	26.5	22.6
1975	3,883	8,031	13,[illegible]		2,720	3,178	3,321	4,890	5,718	47.6	33.8	24.1
1980	6,032	11,479	22,[illegible]	2,758	4,112	5,236	3,126	4,663	5,940	45.8	35.8	22.9
1981	6,448	12,513	25,90[illegible]	2,956	4,394	5,523	3,090	4,598	5,775	45.8	35.1	21.4
1982	6,968	13,594	29,700	3,218	4,684	5,941	3,218	4,684	5,941	46.2	34.5	20.0
1983	6,968	14,496	32,400	3,452	5,157	6,591	3,200	4,776	6,102	49.5	35.6	20.3
1984	7,530	15,664	35,100	3,714	5,506	7,080	3,192	4,740	6,099	49.4	35.2	20.2
1985	8,136	16,926	37,500	3,982	5,923	7,670	3,230	4,804	6,222	49.0	35.0	20.5
1986	8,700	18,099	40,500	4,235	6,372	8,306	3,264	4,907	6,400	48.6	34.2	20.5
1987	9,292	19,329	43,800	4,504	6,794	8,910	3,294	4,972	6,528	48.5	35.1	20.3
1988	9,907	20,610	46,800	4,792	7,246	9,555	3,338	5,046	6,651	48.4	35.1	20.4
1989	10,560	21,968	50,100	5,090	7,712	10,223	3,386	5,129	6,798	48.2	35.1	20.4
1990	11,231	23,364	53,400	5,410	8,206	10,928	3,452	5,233	6,968	48.2	35.1	20.5
2000	19,320	40,191	93,300	9,183	14,168	20,331	3,966	6,119	8,786	47.5	35.3	21.8
2010	33,001	68,652	159,300	15,294	24,203	37,009	4,466	7,068	10,802	46.3	35.3	23.2
2020	56,370	117,268	271,800	25,890	41,357	64,670	5,103	8,159	12,757	45.9	35.3	23.8
2030	96,289	200,311	465,000	44,116	70,641	110,683	5,877	9,411	14,751	45.8	35.3	23.8
2040	164,475	342,160	795,400	75,361	120,672	189,102	6,782	10,863	17,021	45.8	35.3	23.8
2050	280,947	584,459	1,357,200	128,733	206,126	323,114	7,826	12,534	19,649	45.8	35.3	23.8

[1] Based on 1982 trustees' intermediate II–B assumptions and retirement at age 62. All benefits take into account the early retirement deductions.

TABLE 31.—PAST AND FUTURE EARNINGS LEVELS, BENEFITS IN ACTUAL AND CONSTANT DOLLARS, AND REPLACEMENT RATES, FOR RETIRED WORKERS AT AGE 62 WITH DEPENDENT SPOUSES [1]

Calendar year	Actual earnings in previous year			Annual initial benefit amount (actual dollars)			Annual initial benefit amount (1982 constant dollars)			Replacement rates (in percent)		
	Lower earner	Average earner	Maximum earner	Lower earner	Average earner	Maximum earner	Lower earner	Average earner	Maximum earner	Lower earner	Average earner	Maximum earner
1965	2,600	4,576	4,800	1,177	1,645	1,811	3,781	5,286	5,812	45.2	35.9	37.7
1970	3,328	5,894	7,800	1,610	2,296	2,586	4,196	5,988	6,752	48.4	39.0	33.2
1975	3,883	8,031	13,200	2,713	3,995	4,668	4,877	7,182	8,398	69.9	49.7	35.4
1980	6,032	11,479	22,900	4,051	6,040	7,690	4,592	6,849	8,724	67.2	52.6	33.6
1981	6,448	12,513	25,900	4,342	6,454	8,112	4,538	6,753	8,482	67.3	51.6	31.3
1982	6,968	13,594	29,700	4,726	6,880	8,726	4,726	6,880	8,726	67.8	50.6	29.4
1983	6,968	14,496	32,400	5,070	7,574	9,681	4,700	7,015	8,962	72.8	52.2	29.9
1984	7,530	15,664	35,100	5,456	8,086	10,399	4,688	6,962	8,958	72.5	51.6	29.6
1985	8,136	16,926	37,500	5,848	8,699	11,265	4,743	7,056	9,138	71.9	51.4	30.0
1986	8,700	18,099	40,500	6,220	9,359	12,199	4,794	7,207	9,400	71.5	51.7	30.1
1987	9,292	19,329	43,800	6,615	9,979	13,087	4,837	7,303	9,588	71.2	51.6	29.9
1988	9,907	20,610	46,800	7,038	10,642	14,034	4,903	7,412	9,769	71.0	51.6	30.0
1989	10,566	21,968	50,100	7,475	11,327	15,015	4,973	7,533	9,984	70.8	51.6	30.0
1990	11,231	23,364	53,400	7,947	12,052	16,051	5,070	7,686	10,234	70.8	51.6	30.1
2000	19,320	40,191	93,300	13,488	20,809	29,861	5,824	8,988	12,905	69.8	51.8	32.0
2010	33,001	68,652	159,300	22,464	35,548	54,357	6,560	10,381	15,865	68.1	51.8	34.1
2020	56,370	117,268	271,800	38,025	60,743	94,983	7,495	11,984	18,737	67.5	51.8	34.9
2030	96,289	200,311	465,000	64,795	103,754	162,566	8,632	13,823	21,666	67.3	51.8	35.0
2040	164,475	342,160	794,400	110,686	177,237	277,744	9,960	15,955	24,999	67.3	51.8	35.0
2050	280,947	584,459	1,357,200	189,076	302,747	474,573	11,494	18,410	28,859	67.3	51.8	35.0

[1] Based on 1982 trustees' intermediate II–B assumptions and retirement at age 62. All benefits take into account the early retirement reductions.

TABLE 32.—PAST AND FUTURE EARNINGS LEVELS, BENEFITS IN ACTUAL AND CONSTANT DOLLARS, AND REPLACEMENT RATES, FOR RETIRED WORKERS ONLY AT AGE 65

Calendar year	Actual earnings in previous year			Annual initial benefit amount (actual dollars)			Annual initial benefit amount (1982 constant dollars)			Replacement rates (in percent)		
	Low earner	Average earner	Maximum earner	Low earner	Average earner	Maximum earner	Low earner	Average earner	Maximum earner	Low earner	Average earner	Maximum earner
1940	$537	$1,142	$3,000	$213	$294	$494	$1,531	$2,123	$3,570	39.6	25.8	16.5
1945	624	1,936	3,000	249	340	518	1,400	1,912	2,917	39.9	17.5	17.3
1950	832	2,483	3,000	356	489	636	1,168	1,646	2,277	42.8	19.7	21.2
1955	1,560	3,156	3,600	774	1,091	1,182	2,926	4,119	4,466	49.6	34.6	32.8
1960	2,080	3,856	4,800	936	1,284	1,428	3,198	4,395	4,886	45.0	33.3	29.7
1965	2,600	4,576	4,800	1,040	1,439	1,580	3,337	4,619	5,073	40.0	31.4	32.9
1970	3,328	5,894	7,800	1,421	2,021	2,278	3,708	5,271	5,945	42.7	34.3	29.2
1975	3,883	8,031	13,200	2,309	3,400	3,973	4,151	6,112	7,147	59.5	42.3	30.1
1980	6,032	11,479	22,900	3,859	5,862	7,437	4,374	6,647	8,432	64.0	51.1	32.5
1981	6,448	12,513	25,900	4,420	6,812	8,655	4,620	7,125	9,058	68.5	54.4	33.4
1982	6,968	13,594	29,700	4,444	6,702	8,500	4,444	6,702	8,500	63.8	49.3	28.6
1983	6,968	14,496	32,400	4,612	6,911	8,879	4,267	6,401	8,220	66.2	47.7	27.4
1984	7,530	15,664	35,100	4,703	7,069	9,152	4,047	6,087	7,882	62.5	45.1	26.1
1985	8,136	16,926	37,500	4,977	7,403	9,666	4,037	6,005	7,837	61.2	43.7	25.8
1986	8,700	18,099	40,500	5,294	7,965	10,449	4,080	6,134	8,054	60.8	44.0	25.8
1987	9,292	19,329	43,800	5,606	8,354	11,042	4,103	6,112	8,089	60.3	43.2	25.2
1988	9,907	20,610	46,800	5,918	8,829	11,733	4,117	6,144	8,172	59.7	42.8	25.1
1989	10,560	21,968	50,100	6,223	9,381	12,537	4,140	6,237	8,337	58.9	42.7	25.0
1990	11,231	23,364	53,400	6,535	9,890	13,305	4,164	6,306	8,486	58.2	42.3	24.9
2000	19,320	40,191	93,300	11,052	16,921	24,241	4,771	7,311	10,471	57.2	42.1	26.0
2010	33,001	68,652	159,300	18,480	28,906	44,112	5,397	8,440	12,880	56.0	42.1	27.7
2020	56,370	117,268	271,800	31,146	49,391	77,033	6,143	9,737	15,191	55.3	42.1	28.3
2030	96,289	200,311	465,000	52,936	84,382	131,830	7,053	11,240	17,566	55.0	42.1	28.4

TABLE 32.—PAST AND FUTURE EARNINGS LEVELS, BENEFITS IN ACTUAL AND CONSTANT DOLLARS, AND REPLACEMENT RATES, FOR RETIRED WORKERS ONLY AT AGE 65—Continued

Calendar year	Actual earnings in previous year			Annual initial benefit amount (actual dollars)			Annual initial benefit amount (1982 constant dollars)			Replacement rates (in percent)		
	Low earner	Average earner	Maximum earner	Low earner	Average earner	Maximum earner	Low earner	Average earner	Maximum earner	Low earner	Average earner	Maximum earner
2040	164,475	342,160	795,400	90,438	144,146	225,199	8,139	12,975	20,272	55.0	42.1	28.3
2050	280,947	584,459	1,357,200	154,488	246,238	384,702	9,395	14,977	23,395	55.0	42.1	28.3

Based on 1982 trustees' intermediate II–B assumptions and retirement at age 65.

TABLE 33.—PAST AND FUTURE EARNINGS LEVELS, BENEFITS IN ACTUAL AND CONSTANT DOLLARS, AND REPLACEMENT RATES, FOR RETIRED WORKERS AT AGE 65 WITH DEPENDENT SPOUSES

Calendar year	Actual earnings in previous year			Annual initial benefit amount (actual dollars)			Annual initial benefit amount (1982 constant dollars)			Replacement rates (in percent)		
	Low earner	Average earner	Maximum earner	Low earner	Average earner	Maximum earner	Low earner	Average earner	Maximum earner	Low earner	Average earner	Maximum earner
1940	$537	$1,142	$3,000	$320	$441	$741	$2,297	$3,185	$5,355	59.6	38.6	24.7
1945	624	1,936	3,000	374	510	777	2,100	2,868	4,376	59.9	26.3	25.9
1950	832	2,483	3,000	534	734	954	1,752	2,469	3,416	64.2	29.6	31.8
1955	1,560	3,156	3,600	1,161	1,637	1,773	4,389	6,179	6,699	74.4	51.9	49.3
1960	2,080	3,856	4,800	1,404	1,926	2,142	4,797	6,593	7,329	67.5	49.9	44.6
1965	2,600	4,576	4,800	1,560	2,159	2,370	5,006	6,929	7,610	60.0	47.2	49.4
1970	3,328	5,894	7,800	2,132	3,032	3,417	5,562	7,907	8,918	64.1	51.4	43.8
1975	3,883	8,031	13,200	3,464	5,100	5,960	6,227	9,168	10,721	89.2	63.5	45.2
1980	6,032	11,479	22,900	5,789	8,793	11,156	6,561	9,971	12,648	96.0	76.6	48.7

1981	6,448	12,513	25,900	6,630	10,218	12,983	6,930	10,688	13,587	102.8	81.7	50.1
1982	6,968	13,594	29,700	6,666	10,053	12,750	6,666	10,053	12,750	95.7	74.0	42.9
1983	6,968	14,496	32,400	6,918	10,367	13,319	6,401	9,602	12,330	99.3	71.5	41.1
1984	7,530	15,664	35,100	7,055	10,604	13,728	6,071	9,131	11,823	93.7	67.7	39.1
1985	8,136	16,926	37,500	7,466	11,105	14,499	6,056	9,008	11,756	91.8	65.6	38.7
1986	8,700	18,099	40,500	7,941	11,948	15,674	6,120	9,201	12,081	91.3	66.0	38.7
1987	9,292	19,329	43,800	8,409	12,531	16,563	6,155	9,168	12,134	90.5	64.8	37.8
1988	9,907	20,610	46,800	8,877	13,244	17,600	6,176	9,216	12,258	89.6	64.3	37.6
1989	10,560	21,968	50,100	9,335	14,072	18,806	6,210	9,356	12,506	88.4	64.1	37.5
1990	11,231	23,364	53,400	9,803	14,835	19,958	6,246	9,459	12,729	87.3	63.5	37.4
2000	19,320	40,191	93,300	16,578	25,382	36,362	7,157	10,967	15,707	85.8	63.2	39.0
2010	33,001	68,652	159,300	27,720	43,359	66,168	8,096	12,660	19,320	84.0	63.2	41.5
2020	56,370	117,268	271,800	46,719	74,087	115,550	9,215	14,606	22,787	82.9	63.2	42.5
2030	96,289	200,311	465,000	79,404	126,573	197,745	10,580	16,860	26,349	82.5	63.2	42.5
2040	164,475	342,160	794,400	135,657	216,219	337,799	12,209	19,463	30,408	82.5	63.2	42.5
2050	280,947	584,459	1,357,200	231,732	369,357	577,053	14,093	22,466	35,093	82.5	63.2	42.5

Based on 1982 trustees' intermediate II–B assumptions and retirement at age 65.

VII. Economic and Demographic Assumptions

The following tables provide specific information concerning the economic and demographic assumptions which underlie the short and long-run financial projections. It must be emphasized that these assumptions were developed in the spring of 1982, and that the short-range assumptions are likely to be revised substantially in the coming weeks.

TABLE 34.—ECONOMIC ASSUMPTIONS, 1960–2055

Calendar years	Average annual percentage increase in—		Consumer Price Index	Real wage differential (percent)	Average annual interest rate (percent)	Average annual unemployment rate
	Real GNP	Average wages in covered employment				
Past experience:						
1960–64	4.0	3.4	1.3	2.1	3.7	5.7
1965–69	4.4	5.4	3.4	2.0	5.2	3.8
1970–74	2.8	6.3	6.1	0.2	6.7	5.4
1975–79	3.5	8.0	8.1	−.1	7.8	7.0
1980	−0.2	8.6	13.5	−4.9	11.0	7.1
1981	2.0	8.7	10.3	−1.6	13.3	7.6
Intermediate II–B:						
1982	−.8	6.6	6.9	−.3	13.0	9.1
1983	4.2	8.1	7.9	.2	11.4	8.5
1984	3.3	8.1	7.4	.7	9.3	8.0
1985	3.0	6.9	6.6	.3	8.0	7.7
1990	3.0	6.0	4.5	1.5	6.4	6.1
1995	2.5	5.5	4.0	1.5	6.1	5.0
2000 and later	[1] 2.6	5.5	4.0	1.5	6.1	5.0
Pessimistic:						
1982	−1.5	6.3	7.2	−.9	13.1	9.3
1983	.6	7.3	9.6	−2.3	12.3	9.8
1984	2.5	7.8	9.6	−1.8	10.5	9.6
1985	3.8	9.2	9.2	.0	9.4	8.8
1990	2.7	9.0	7.2	.8	7.6	6.9
1995	1.8	6.2	5.2	1.0	6.7	6.0
2000 and later	[1] 2.1	6.0	5.0	1.0	6.6	6.0
CBO:						
1982	−1.3	6.5	6.1	.4	11.3	9.3
1983	3.6	5.5	4.9	.7	11.0	8.8
1984	3.7	7.4	5.3	1.4	10.0	8.2
1985	3.7	6.9	5.8	1.2	8.9	7.8

TABLE 34.—ECONOMIC ASSUMPTIONS, 1960–2055—Continued

Calendar years	Average annual percentage increase in—		Consumer Price Index	Real wage differential (percent)	Average annual interest rate (percent)	Average annual unemployment rate
	Real GNP	Average wages in covered employment				
1990	3.1	6.5	5.2	1.3	7.4	6.5

[1] This value is for the year 2000. The annual increase in real GNP is assumed to continue to change after 2000 under each alternative to reflect the dependence of labor force growth on the size and age-sex distribution of the population. The percentage increases for 2060 are 2.1 and 1.0 for Alternatives II–B and III, respectively.

TABLE 35.—HISTORICAL AND PROJECTED FUTURE CHANGES IN LIFE EXPECTANCY AT BIRTH, 1940 TO 2040

Year	Male (years)	Female (years)
Life expectancy of person born in:		
1940	61.1	65.6
1950	65.3	70.9
1960	66.7	73.4
1980	69.8	77.7
1982	70.4	78.3
2000	72.9	81.1
2020	73.8	82.1
2040	74.6	83.1

Based on Intermediate II–B assumptions contained in the 1982 Trustees Report.

TABLE 36.—HISTORICAL AND PROJECTED FUTURE CHANGES IN LIFE EXPECTANCY OF AN AGE 65 RETIREE, 1940 TO 2040

Year	Male (years)	Female (years)
Life expectancy of worker retiring at 65 in:		
1940	12.0	13.7
1950	12.7	15.0
1960	13.0	16.1
1980	14.3	18.7
1982	14.5	19.1
2000	15.8	21.1
2020	16.4	22.0
2040	17.0	22.8

Based on Intermediate II–B assumptions contained in the 1982 Trustees Report.

TABLE 37.—HISTORICAL AND PROJECTED FERTILITY AND MORTALITY ASSUMPTIONS, 1960–2055

Calendar year	Total fertility rate	Age-adjusted mortality rate	
		Male	Female
Past experience:			
1960	3.61	12.56	8.17
1965	2.88	12.49	7.73
1970	2.43	12.18	7.22
1975	1.77	11.09	6.38
1976	1.74	10.94	6.32
1977	1.79	10.69	6.13
1978	1.76	10.61	6.10
1979	1.81	10.27	5.88
1980	1.84	10.27	5.88
1981	1.86	10.12	5.77
Optimistic:			
1982	1.89	10.12	5.76
1983	1.91	10.04	5.71
1984	1.93	9.97	5.65
1985	1.96	9.89	5.59
1990	2.07	9.57	5.36
1995	2.18	9.35	5.21
2000	2.29	9.24	5.14
2005 and later	2.40	9.15	5.09
Intermediate II–B:			
1982	1.87	9.97	5.66
1983	1.88	9.82	5.54
1984	1.89	9.67	5.43
1985	1.90	9.52	5.32
1990	1.95	8.91	4.89
1995	2.00	8.51	4.63
2000	2.05	8.31	4.50
2005 and later	2.10	8.16	4.41
Pessimistic:			
1982	1.83	9.69	5.46
1983	1.83	9.39	5.24
1984	1.82	9.10	5.03
1985	1.82	8.81	4.82
1990	1.79	7.73	4.07
1995	1.76	7.06	3.64
2000	1.73	6.72	3.45
2005 and later	1.70	6.49	3.31

TABLE 38.—AGE-ADJUSTED GROSS DISABILITY INCIDENCE RATE,[1] 1970–90

Calendar year	1982 trustees report "II–B" assumptions		1982 trustees report pessimistic assumptions	
	Male	Female	Male	Female
1970	4.92	3.50	4.92	3.50
1971	5.72	4.04	5.72	4.04
1972	6.11	4.41	6.11	4.41
1973	6.41	4.81	6.41	4.81
1974	6.70	5.50	6.70	5.50
1975	7.32	5.89	7.32	5.89
1976	6.77	5.29	6.77	5.29
1977	6.93	5.28	6.93	5.28
1978	5.62	4.14	5.62	4.14
1979	4.94	3.64	4.94	3.64
1980	4.55	3.35	4.55	3.35
1981	3.99	2.94	3.99	2.94
1982	3.52	2.59	3.52	2.59
1983	3.76	2.77	3.80	2.79
1984	4.00	2.95	4.07	3.00
1985	4.09	3.01	4.20	3.09
1986	4.17	3.07	4.32	3.18
1987	4.25	3.13	4.45	3.27
1988	4.34	3.19	4.58	3.37
1989	4.43	3.26	4.72	3.47
1990	4.44	3.32	4.84	3.56

[1] The age-adjusted gross disability incidence rate for any year is the annual number of awards per 1,000 persons that would have occurred in the total population exposed to disability during 1979, if that population had experienced the disability incidence rates by age assumed for the selected year.

VIII. Financial Effects of Legislation of Recent Years

The tables which follow show the effects of legislation from 1977 to date on the financial status of the social security programs.

TABLE 39.—ORIGINAL SHORT-RANGE ESTIMATES OF REDUCTION IN OASDI AND HI BENEFIT PAYMENTS DUE TO AMENDMENTS OF 1977 AND 1980, THE OMNIBUS RECONCILIATION ACT OF 1981, AND THE TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982

[In billions]

Calendar years	Estimates of net reduction in benefit payments, made at time of enactment, resulting from each set of amendments [1]				
	1977 amendments	1980 amendments [2]	1981 reconciliation	1981 minimum benefit restoration bill	1982 Tax Act
1978	$0.4	.....	.....	.....	.....
1979	.5	.....	.....	.....	.....
1980	.8	([3])	.....	.....	.....
1981	1.4	$0.2	$0.1	.....	.....
1982	1.7	.7	3.5	—$0.9	.....
1983	2.6	1.1	4.7	—1.3	$0.8
1984	3.7	1.4	5.8	—1.3	1.9
1985	4.9	1.8	6.4	—1.3	3.7
1986	6.4	2.2	6.9	—1.3	4.7

[1] Figures do not add across because the assumptions underpinning each set of amendments were different from one another. In addition, these estimates were made at the time of enactment and have not been individually re-evaluated since that time. Negative figures represent increases in benefit payments.

[2] Figures represent the sums of the estimates made for Public Law 96–265 (the Social Security Disability Amendments of 1980), Public Law 96–473, and Public Law 96–499 (the Omnibus Reconciliation Act of 1980).

[3] Less than $50 million.

TABLE 40.—ADDITIONAL TAX INCOME IN 1979 TO 1990 TO THE OASDHI PROGRAMS DUE TO THE 1977 AMENDMENTS, PUBLIC LAW 97–123, AND THE TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982

[In billions]

Calendar year	Additional tax income		
	1977 amendments	Public Law 97–123	Tax Act of 1982
1979	$6.6	.....	.....
1980	10.0	.....	.....
1981	19.3	.....	.....
1982	23.1	$0.6	.....
1983	25.0	.7	$1.6
1984	27.8	.7	1.9
1985	42.4	.8	2.2
1986	45.1	.9	2.6
1987	48.9	1.0	2.8
1988	52.9	1.0	3.0
1989	57.0	1.1	3.3
1990	86.2	1.3	3.7
1980–1990	437.7	8.1	21.2

Note: Based on the 1982 Trustees' Report Intermediate (II–B) economic assumptions.

TABLE 41.—ESTIMATED FINANCIAL EFFECTS ON THE OASDHI PROGRAMS RESULTING FROM PUBLIC LAW 97–123 ON THE BASIS OF THE 1982 TRUSTEES REPORT INTERMEDIATE II–B ASSUMPTIONS, 1983–87

[In billions]

Provision	Effective date	Calendar year—					
		1982	1983	1984	1985	1986	1987
Additional OASDI benefit payments resulting from restoration of minimum benefits for persons eligible for benefits prior to 1982.	November 1981	$0.9	$1.3	$1.3	$1.3	$1.3	$1.2
Additional OASDI and HI tax income resulting from coverage of first 6 months of sick leave, self-insurance, private insurance, and mandated public insurance benefits not attributable to employee contributions.	January 1982.....	.6	.7	.7	.8	.9	1.0

TABLE 42.—ESTIMATED FINANCIAL EFFECTS ON THE OASDHI PROGRAMS RESULTING FROM THE TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982 ON THE BASIS OF THE 1982 TRUSTEES REPORT INTERMEDIATE II–B ASSUMPTIONS, 1983–87

[In billions]

Provision	Effective date	Calendar year—				
		1983	1984	1985	1986	1987
Net additional OASDI tax income	April 1983.....	(1)	$0.2	$0.2	$0.3	$0.3
Net additional HI tax income	January 1983.....	1.6	1.8	2.0	2.3	2.5
Net reduction in HI outgo	.....	.8	1.9	3.7	4.7	5.2

[1] Less than $50 million.

IX. Historical Program Data

The following tables provide various historical data concerning income, outgo, assets, and other aspects of the programs' financial condition.

TABLE 43.—HISTORICAL LEVELS OF OASDHI TRUST FUND ASSETS, ACTUAL AMOUNTS, 1950–81

[In billions of dollars]

Calendar year	Assets in the trust funds, end of year		
	OASDI	HI	OASDHI combined
1950	13.7	(1)	13.7
1960	22.6	(1)	22.6
1970	38.1	3.2	41.3
1971	40.4	3.0	43.4
1972	42.8	2.9	45.7
1973	44.4	6.5	50.9
1974	45.9	9.1	[2] 55.0
1975	44.3	10.5	54.8
1976	41.1	10.6	51.7
1977	35.9	10.4	46.3
1978	31.7	11.5	43.2
1979	30.3	13.2	43.5
1980	26.5	13.7	40.2
1981	24.5	18.7	43.2

[1] HI (Part A of medicare) enacted in 1965.
[2] The highest combined level of reserves (OASDHI) was reached in 1974.

Source: Various Trustees' Reports since 1950.

TABLE 44.—HISTORICAL LEVELS OF OASDHI TRUST FUND ASSETS, NUMBER OF MONTHS' WORTH ON HAND (1950 TO 1982)

Calendar year	Number of months' worth of expenditures on hand at beginning of year		
	OASDI	HI	OASDHI
1950	138.7	(1)	138.7
1960	22.3	(1)	22.3
1965	13.2	(1)	13.2
1970	12.4	5.6	11.5
1975	8.0	9.4	8.3
1980	2.9	6.2	3.5
1982	1.8	6.3	2.6

[1] Hospital insurance (part A of medicare) not enacted until 1965.

TABLE 45.—HISTORICAL OASDHI RESERVE PERCENTAGES, 1950–81

Calendar year	Trust fund assets at the beginning of each year as a percent of outgo during the year				
	OASI and DI combined	OASI	DI	HI [1]	OASDHI
1950	1,156	1,156	.....	.....	1,156
1955	405	405	.....	.....	405
1960	186	180	304	.....	186
1965	110	109	121	.....	110
1970	103	101	126	47	96
1971	99	94	140	54	93
1972	93	88	140	47	87
1973	80	75	125	40	76
1974	73	68	110	69	73
1975	66	63	92	79	68
1976	57	54	71	77	60
1977	47	47	48	66	50
1978	37	39	26	57	41
1979	30	30	30	54	34
1980	25	23	35	52	29
1981	18	18	21	45	23

[1] HI (part A of medicare) enacted in 1965.

Source: 1982 OASDI and HI Trustees' Reports.

TABLE 46.—LONG RANGE OASDHI FINANCIAL FORECASTS IN PREVIOUS TRUSTEES' REPORTS, 1977 TO 1982

[In percent of taxable payroll]

	Average scheduled tax rate	Average expenditures	Difference (actuarial imbalance)
(OASDI program—75-year forecast)			
Prior to 1977 Amendments (1977 Trustees' Report)	10.99	19.19	−8.20
Just after enactment of 1977 Amendments	12.12	13.58	−1.46
1978 Trustees' Report	12.16	13.55	−1.40
1979 Trustees' Report	12.19	13.38	−1.20
1980 Trustees' Report	12.22	13.74	−1.52
1981 Trustees' Report:			
Intermediate A	12.25	13.17	−.93
Intermediate B	12.25	14.07	−1.82
1982 Trustees' Report:			
Intermediate A	12.27	13.09	−.82
Intermediate B	12.27	14.09	−1.82
(HI program—25-year forecast)			
Prior to 1977 Amendments	2.80	3.96	−1.16
Just after enactment of 1977 Amendments	(1)	(1)	(1)
1978 Trustees' Report	2.74	3.86	−1.12
1979 Trustees' Report	2.78	3.82	−1.04
1980 Trustees' Report	2.81	3.80	−.99
1981 Trustees' Report:			
Intermediate A	2.84	4.02	−1.18
Intermediate B	2.84	4.28	−1.44
1982 Trustees' Report:			
Intermediate A	2.86	4.40	−1.63
Intermediate B	2.86	4.83	−2.07

[1] Long range projections not made at that time.

TABLE 47.—SOCIAL SECURITY EXPENDITURES IN ACTUAL AND CONSTANT DOLLARS, CALENDAR YEARS 1960–81

[In millions of dollars]

	Cash benefits		Total OASDI	1981 dollars [1]	Medicare		Total (OASI, DI, HI, SMI)	1981 dollars [1]
	OASI	DI			HI	SMI		
1960	11,198	600	11,798	36,235			11,798	36,235
1961	12,432	956	13,388	40,705			13,388	40,705
1962	13,973	1,183	15,156	45,568			15,156	45,568
1963	14,920	1,297	16,217	48,179			16,217	48,179
1964	15,613	1,407	17,020	49,912			17,020	49,912
1965	17,501	1,687	19,188	55,313			19,188	55,313
1966	18,967	1,947	20,914	58,615	999	203	22,116	61,984

TABLE 47.—SOCIAL SECURITY EXPENDITURES IN ACTUAL AND CONSTANT DOLLARS, CALENDAR YEARS 1960–81—Continued

[In millions of dollars]

	Cash benefits		Total OASDI	1981 dollars [1]	Medicare		Total (OASI, DI, HI, SMI)	1981 dollars [1]
	OASI	DI			HI	SMI		
1967	20,382	2,089	22,471	61,212	3,430	1,307	27,208	74,116
1968	23,557	2,458	26,015	68,013	4,277	1,702	31,994	83,664
1969	25,176	2,716	27,892	69,194	4,857	2,061	34,810	86,356
1970	29,848	3,259	33,107	77,552	5,281	2,212	40,600	95,104
1971	34,542	4,000	38,542	86,553	5,900	2,377	46,819	105,140
1972	38,522	4,759	43,281	94,089	6,503	2,614	52,398	113,909
1973	47,175	5,973	53,148	108,776	7,289	2,844	63,281	129,515
1974	53,397	7,196	60,593	111,354	9,372	3,728	73,693	135,915
1975	60,395	8,790	69,185	116,906	11,581	4,735	85,501	144,476
1976	67,876	10,366	78,242	125,007	13,679	5,622	97,543	155,844
1977	75,309	11,946	87,255	130,955	16,019	6,505	109,779	164,759
1978	83,064	12,954	96,018	133,860	18,178	7,755	121,951	170,014
1979	93,133	14,186	107,319	134,468	21,078	9,265	137,657	172,481
1980	107,678	15,872	123,550	139,369	25,577	11,245	160,372	177,011
1981	126,695	17,658	144,352	144,352	30,726	14,028	189,106	189,106

[1] Based on CPI, all items.

TABLE 48.—HISTORICAL COMPARISON OF AVERAGE WAGE INCREASES TO BENEFIT INCREASES AND CHANGES IN CPI

[In percent]

	Increase in wages [1]		Increase in CPI		Benefit increases	
	Year to year	Cumulative since year of each benefit increase to 1982	Year to year	Cumulative since year of each benefit increase to 1982	Increase during year	Cumulative since year of each benefit increase to 1982
1940	.....	1,111.1	.....	593.7	.....	853.7
1950	112.9	468.9	71.7	304.0	77.0	438.8
1952	16.9	386.6	10.5	265.6	12.5	378.9
1954	6.1	358.6	1.0	262.0	13.0	323.8
1959	22.2	275.3	8.4	233.9	7.0	269.1
1965	20.8	210.7	8.2	208.6	7.0	270.2
1968	19.6	159.8	10.3	179.8	13.0	227.6
1970	11.0	134.0	11.6	150.7	15.0	184.9
1971	5.0	122.9	4.3	140.4	10.0	159.0
1972	9.8	103.0	3.3	132.7	20.0	115.8
1974	12.6	80.3	17.9	97.4	11.0	94.4
1975 [2]	7.5	67.7	9.1	80.9	8.0	80.0
1976	6.9	56.9	5.8	71.0	6.4	69.2
1977	6.0	48.0	6.5	60.6	5.9	59.8
1978	7.9	37.2	7.6	49.2	6.5	50.0
1979	8.7	26.2	11.5	33.8	9.9	36.5
1980	9.0	[2] 15.8	13.5	17.9	14.3	19.4

TABLE 48.—HISTORICAL COMPARISON OF AVERAGE WAGE INCREASES TO BENEFIT INCREASES AND CHANGES IN CPI—Continued

[In percent]

	Increase in wages [1]		Increase in CPI		Benefit increases	
	Year to year	Cumulative since year of each benefit increase to 1982	Year to year	Cumulative since year of each benefit increase to 1982	Increase during year	Cumulative since year of each benefit increase to 1982
1981	[3] 8.6	6.6	10.3	[3] 6.9	11.2	7.4
1982	[3] 6.6	.....	[3] 6.9	.....	7.4	.....

[1] Based on average of total wages used for social security indexing series.
[2] Increases from 1975 on were tied to increases in the CPI.
[3] Estimates from 1982 Trustees' Report Intermediate II–B assumptions.

Source: Congressional Research Service.

TABLE 49.—AMOUNT OF NET ADMINISTRATIVE EXPENSES AND NET ADMINISTRATIVE EXPENSES EXPRESSED AS A PERCENTAGE OF BENEFIT PAYMENTS, SELECTED FISCAL YEARS 1950–82

Fiscal year	Net administrative expenses (in millions)				As a percentage of benefit payments			
	OASI	DI	HI	OASDHI	OASI	DI	HI	OASDHI
1950	$57	.....	.....	$57	8	.....	.....	8
1960	202	$32	.....	234	2	6	.....	2
1970	474	149	$149	772	2	5	3	2
1975	848	253	259	1,360	2	3	3	2
1980	1,160	334	497	1,991	1	2	2	1
1982 [1]	1,443	550	564	2,557	1	3	2	1

[1] Preliminary.

TABLE 50.—SOCIAL SECURITY TAXES PAID BY WORKERS AT VARIOUS EARNINGS LEVELS, 1960–87

	Amount of worker's social security tax liability in calendar years				
	1960	1970	1975	1982	1987 [1]
Wage or salaried worker with annual wages of:					
$5,000	$144.00	$240.00	$292.50	$335.00	$357.50
$10,000	144.00	374.40	585.00	670.00	715.00
$20,000	144.00	374.40	824.85	1,340.00	1,430.00
$30,000	144.00	374.40	824.85	2,010.00	2,145.00
$40,000	144.00	374.40	824.85	2,170.80	2,860.00
$50,000	144.00	374.40	824.85	2,170.80	3,346.20

TABLE 50.—SOCIAL SECURITY TAXES PAID BY WORKERS AT VARIOUS EARNINGS LEVELS, 1960–87—Continued

	Amount of worker's social security tax liability in calendar years				
	1960	1970	1975	1982	1987 [1]
Self-employed worker with annual earnings of:					
$5,000	216.00	345.00	395.00	467.50	500.00
$10,000	216.00	538.20	790.00	935.00	1,000.00
$20,000	216.00	538.20	1,113.90	1,870.00	2,000.00
$30,000	216.00	538.20	1,113.90	2,805.00	3,000.00
$40,000	216.00	538.20	1,113.90	3,029.40	4,000.00
$50,000	216.00	538.20	1,113.90	3,029.40	4,680.00

[1] Based on a taxable earnings base of $46,800 projected under the Intermediate II–B assumptions of the 1982 Trustees' Report and currently scheduled tax rates.

X. Sources of Income and Poverty Trends

The following tables profile the sources of income and poverty trends of individuals and families.

TABLE 51.—TRENDS IN PERCENT OF PERSONS POOR, BY AGE, 1959–79 [1]

Age and family status [2]	1959	1969	1970	1971	1972	1973	1974 [3]	1975	1976	1977	1978	1979 [3 4]
	Persons poor (in millions)											
All ages	39.5	24.3	25.3	25.6	24.5	23.0	23.6	25.9	25.0	24.7	24.5	25.3
Children under 18	17.2	9.8	10.5	10.3	10.1	9.5	10.0	10.9	10.1	10.0	9.7	9.7
In families with—												
Male head	13.1	5.4	5.7	5.5	5.0	4.3	4.6	5.3	4.5	4.4	4.0	4.2
Female head	4.1	4.4	4.8	4.8	5.1	5.2	5.4	5.6	5.6	5.6	5.7	5.5
18–54 [5]	13.4	7.7	8.2	8.8	8.5	8.3	8.7	9.7	9.7	9.6	9.7	10.0
55–64	3.3	2.0	2.1	2.2	2.0	1.8	1.8	2.0	1.9	1.9	1.9	2.0
65 or older	5.5	4.8	4.7	4.3	3.7	3.4	3.1	3.3	3.3	3.2	3.2	3.6
In families	3.2	2.1	2.0	1.7	1.4	1.4	1.1	1.2	1.2	1.2	1.2	1.3
Unrelated individuals	2.3	2.7	2.7	2.6	2.3	2.0	2.0	2.1	2.1	2.0	2.1	2.2
Men	.7	.6	.5	.5	.4	.4	.4	.4	.4	.4	.4	.4
Women	1.6	2.1	2.2	2.1	1.9	1.6	1.6	1.7	1.7	1.6	1.7	1.8
	Percent poor											
All ages	22.4	12.2	12.6	12.5	11.9	11.1	11.2	12.3	11.8	11.6	11.4	11.6
Children under 18	26.9	14.1	15.0	15.1	14.9	14.2	15.1	16.8	15.8	16.0	15.7	16.0
In families with—												
Male head	22.4	8.8	9.3	9.3	8.6	7.6	8.7	9.8	8.5	8.5	7.9	8.5
Female head	72.2	54.4	53.4	53.1	53.1	52.1	51.5	52.7	52.0	50.3	50.6	48.6
18–54 [5]	16.5	8.2	8.7	9.0	8.6	8.2	8.5	9.2	9.1	8.9	8.8	8.9
55–64	21.5	11.1	11.4	11.4	10.7	9.6	9.4	10.2	9.5	9.2	9.0	9.5
65 or older	35.2	25.3	24.5	21.6	18.6	16.3	14.6	15.3	15.0	14.1	13.9	15.1
In families	26.9	16.0	14.7	12.4	10.4	9.4	7.5	8.0	7.9	7.8	7.6	8.3
Unrelated individuals	61.9	47.3	47.1	42.3	37.1	31.9	30.3	31.0	30.3	27.3	27.0	29.3
Men	59.0	39.8	38.9	32.6	26.3	27.1	26.8	27.7	25.9	23.6	20.7	25.3

Women	63.3	49.9	49.7	45.1	40.4	33.4	31.7	31.9	31.5	28.4	28.8	30.4

[1] Data for 1970–79 based on 1970 Census of Population controls.
[2] Income and poverty status refer to calendar year as shown: family status as of March of succeeding year.
[3] Based on revised methodology.
[4] Data for 1979 based on 1970 Census of Population controls. Based on 1980 Census of Population controls, the number of persons poor would be 26.0 million and the percent poor would be 11.7.
[5] Includes persons under age 18 listed as unrelated individual, family head, or wife of head.

Source: Derived by the Social Security Administration from special tabulations of the Bureau of the Census from the Current Population Survey for March of pertinent years. Data for 1959 for persons aged 65 and over not available from March 1960 Current Population Survey; data estimated by Social Security Administration.

TABLE 52.—SHARES OF MONEY INCOME FROM EARNINGS AND OTHER SOURCES FOR AGED AND NONAGED HOUSEHOLDS, BY POVERTY STATUS, 1979

Type of money income received during year	Aged households						Nonaged households					
	Individuals living alone or with nonrelatives only			Families with head aged 65 or older			Individuals living alone or with nonrelatives only			Families with head aged 65 or older		
	Total	Nonpoor	Poor [1]	Total	Nonpoor	Poor [1]	Total	Nonpoor	Poor [1]	Total	Nonpoor	Poor [1]
Number of households (in millions)	7.7	5.4	2.2	8.8	8.0	0.8	17.9	14.6	3.4	49.6	45.1	4.5
	Percent receiving income from specified type [2]											
Earnings	15	19	6	45	48	21	86	94	54	95	98	65
Public program payments:												
Social Security [3]	91	93	86	93	93	84	7	5	15	11	10	14
Supplemental Security Income	12	6	26	8	5	32	3	1	9	2	1	6
Other public assistance	2	1	4	2	2	10	2	1	8	6	3	40
Other programs [4]	8	8	6	10	11	6	12	13	10	17	18	12
Other sources:												
Dividends, interest, rent	67	79	38	76	80	33	58	64	30	70	75	22

TABLE 52.—SHARES OF MONEY INCOME FROM EARNINGS AND OTHER SOURCES FOR AGED AND NONAGED HOUSEHOLDS, BY POVERTY STATUS, 1979—Continued

Type of money income received during year	Aged households						Nonaged households					
	Individuals living alone or with nonrelatives only			Families with head aged 65 or older			Individuals living alone or with nonrelatives only			Families with head aged 65 or older		
	Total	Nonpoor	Poor [1]	Total	Nonpoor	Poor [1]	Total	Nonpoor	Poor [1]	Total	Nonpoor	Poor [1]
Private pension, annuities, other [5]	27	35	7	45	48	7	14	14	14	19	20	15
	Percentage distribution of income, by type											
Total percent	100	100	100	100	100	100	100	100	100	100	100	100
Earnings	11	13	1	33	34	4	88	89	49	90	90	50
Public program payments:												
Social Security [3]	45	41	78	33	32	71	2	1	18	2	2	9
Supplemental Security Income	2	1	11	1	1	13	1	(6)	9	(6)	(6)	3
Other public assistance	(6)	(6)	1	(6)	(6)	4	(6)	(6)	5	1	(6)	28
Other programs [4]	2	2	3	2	1	2	2	1	7	1	1	4
Other sources:												
Dividends, interest, rent	27	29	4	18	18	3	4	4	3	4	4	1
Private pension, annuities, other [5]	13	14	2	13	14	2	4	3	9	3	3	5
Mean income	$6,540	$8,210	$2,520	$14,730	$15,850	$3,420	$11,190	$13,343	$1,840	$23,730	$25,701	$4,080

[1] Poverty status based on money income of all family members after receipt of OASDI and any other cash transfer payment.
[2] Received by individual or any family member at any time during 1979. Most individuals of families received more than one type of income during year.
[3] Social Security may include any Railroad Retirement payments.
[4] Unemployment insurance, workers' compensation, or veterans payments.
[5] Private pensions, government employee pension, alimony, annuities, etc.
[6] Less than 0.05 percent.

Note.—Interpretation of year-to-year trends in types of income received by the poor and nonpoor should allow for the fact that substantial changes were introduced into the March 1980 Current Population Survey questions from which statistics on income shares and recipiency rates for each type of income are derived. These changes make it difficult to compare 1979 recipiency rates for several types of income to earlier years. For example, the large increase for 1979 over 1978 in the percentage of poor and nonpoor households with pensions other than Social Security or receiving income from interest, dividends, and rent represents in large part a statistical artifact attributable to modifications in the March 1980 CPS rather than changing, recipiency patterns.

Source: Derived by the Social Security Administration from special tabulations of the Bureau of the Census from the March 1979 Current Population Survey.

TABLE 53.—POVERTY STATUS OF AGED HOUSEHOLDS RECEIVING SOCIAL SECURITY BENEFITS, BY SHARE OF INCOME FROM BENEFITS AND RACE, 1979

OASDHI share of money income for year [1]	Individuals aged 65 or older living alone or with nonrelatives only				Families with head of household aged 65 or older			
	Total	Nonpoor	Poor	Percent poor	Total	Nonpoor	Poor	Percent poor
All races [2]								
Total number (in millions)	7.7	5.4	2.2	.....	8.8	8.0	0.8	.....
Total percent	100	100	100	29	100	100	100	9
No OASDHI cash benefits	9	7	14	45	7	7	16	19
Some OASDHI cash benefits	91	93	86	28	93	93	84	8
Less than one-fourth of income	8	11	(3)	1	20	22	2	1
One-fourth up to one-half of income	19	25	4	7	26	28	10	3
One-half up to three-fourths of income	24	26	18	22	24	25	17	7
Three-fourths or more of income	40	30	63	46	22	19	55	23
White								
Total number (in millions)	6.9	5.1	1.8	.....	7.9	7.3	0.6	.....
Total percent	100	100	100	27	100	100	100	7
No OASDHI cash benefits	8	7	11	38	7	6	16	17
Some OASDHI cash benefits	92	93	89	25	93	94	84	7
Less than one-fourth of income	9	12	(3)	1	21	22	1	(3)
One-fourth up to one-half of income	20	25	4	6	26	28	8	2
One-half up to three-fourths of income	24	26	17	19	24	25	17	5

TABLE 53.—POVERTY STATUS OF AGED HOUSEHOLDS RECEIVING SOCIAL SECURITY BENEFITS, BY SHARE OF INCOME FROM BENEFITS AND RACE, 1979—Continued

OASDHI share of money income for year [1]	Individuals aged 65 or older living alone or with nonrelatives only				Families with head of household aged 65 or older			
	Total	Nonpoor	Poor	Percent poor	Total	Nonpoor	Poor	Percent poor
Three-fourths or more of income	40	30	67	45	22	19	53	20
				Black				
Total number (in millions)	0.7	0.3	0.4	.....	0.8	0.6	0.2	.....
Total percent	100	100	100	58	100	100	100	26
No OASDHI cash benefits	19	12	23	73	11	9	16	37
Some OASDHI cash benefits	81	88	77	55	89	91	84	25
Less than one-fourth of income	3	8	0	([4])	20	25	4	5
One-fourth up to one-half of income	14	26	5	22	23	26	14	16
One-half up to three-fourths of income	22	21	23	61	22	23	18	22
Three-fourths or more of income	42	34	48	67	24	16	49	52

[1] Payments under Old-Age, Survivors, Disability, and Health Insurance program anytime in 1979 to any family member as reported in March 1980 Current Population Survey. For 1978, according to program records, receipt of Social Security benefits reported by survey respondents represented 90 percent of aggregate OASDHI payments.

[2] Includes races other than black or white not shown separately.

[3] Less than 0.05 percent.

[4] Base less than 50,000.

Note.—Poverty status based on money income after receipt of OASDHI and any other cash transfer payments. Many beneficiaries considered nonpoor after receipt of OASDHI would be poor if the benefits were not added to their other income sources.

Sources: Derived by the Social Security Administration from special Office of Economic Opportunity tabulations of the Bureau of Census from the March 1980 Current Population Survey.

TABLE 54.—MARITAL STATUS OF AGED INDIVIDUALS,[1] BY SEX AND AGE, 1968 AND 1978

	1968		1978	
	65 to 74 years	75 years and older	65 to 74 years	75 years and older
Men:				
Number (in thousands)	5,096	2,776	6,080	3,090
Percent	100.0	100.0	100.0	100.0
Married, wife present	79.4	59.7	78.1	68.2
Married, wife absent	2.0	2.3	3.0	2.1
Widowed	10.8	30.3	9.7	23.0
Divorced	2.6	1.9	3.5	1.8
Never married	5.3	5.8	5.7	4.8
Women:				
Number (in thousands)	6,395	3,978	8,189	5,109
Percent	100.0	100.0	100.0	100.0
Married, husband present	45.6	20.5	46.2	21.6
Married, husband absent	1.5	.8	2.2	1.3
Widowed	43.3	70.2	41.2	69.3
Divorced	2.5	1.4	3.9	2.1
Never married	7.1	7.2	6.6	5.7

[1] Civilian noninstitutional population only for both 1968 and 1978.

Note.—Details may not add totals due to rounding.

Source: U.S. Bureau of the Census, Current Population Report, series P–20. Nos. 187 and 338. (O'Neill study.)

TABLE 55.—SUMMARY COMPARISON OF ELDERLY ONLY FAMILIES CLASSIFIED BY TOTAL FAMILY MONEY INCOME AS A PERCENT OF THE POVERTY THRESHOLD

	Less than 100 percent	100 to 124.9 percent	125 to 149.9 percent	150 to 199.9 percent	200 percent or more	Total
Number of families (in thousands)	2,742	1,801	890	2,066	5,257	12,756
Percent	21.5	14.1	7.0	16.2	41.2	100.0
Percent with any social security income	87.5	96.7	98.5	96.7	94.0	93.7
Percent with any SSI income	29.9	13.7	6.5	2.4	.4	9.4
Percent of total family income comprised of social security benefits	74.9	63.9	68.8	67.0	26.2	37.6
Percent of total family income comprised of SSI	14.3	4.5	1.5	.3	.0	1.2
Number of persons (in thousands)	3,037	2,006	1,178	2,934	8,330	17,485

TABLE 55.—SUMMARY COMPARISON OF ELDERLY ONLY FAMILIES CLASSIFIED BY TOTAL FAMILY MONEY INCOME AS A PERCENT OF THE POVERTY THRESHOLD—Continued

	Less than 100 percent	100 to 124.9 percent	125 to 149.9 percent	150 to 199.9 percent	200 percent or more	Total
Percent	17.4	11.5	6.7	16.8	47.6	100.0
Average family size	1.11	1.11	1.32	1.42	1.58	1.37
Average family income (based on 1979 dollars)	$2,620	$3,930	$5,147	$6,426	$17,850	$9,874

Source.—Preliminary data from Survey of Income and Program Participation, Spring 1979 data.

TABLE 56.—PERCENTAGE DISTRIBUTION OF TOTAL FAMILY INCOME COMPRISED OF SOCIAL SECURITY INCOME FOR FAMILIES COMPRISED ONLY OF AGED INDIVIDUALS CLASSIFIED BY TOTAL FAMILY MONEY INCOME AS A PERCENT OF THE POVERTY LEVEL

[In percent]

	Less than 100 percent of poverty	100 to 124.9 percent of poverty	125 to 149.9 percent of poverty	150 to 199.9 percent of poverty	Over 200 percent of poverty	Total
Percent of total family income comprised of social security:						
1 to 24.9	1.2	1.1	0.0	0.0	24.3	10.4
25 to 49.9	4.5	11.2	14.5	14.6	42.6	23.6
50 to 79.9	30.4	30.9	54.5	61.5	26.6	35.6
80 to 89.95	8.2	12.6	14.8	10.7	0.2	6.4
90 or more	[1] 44.4	40.9	14.7	9.9	0.8	18.3
Percent of families with social security income	87.7	96.7	98.5	96.7	94.5	94.2
Percent of families without social security income	11.3	3.3	1.5	3.3	5.5	5.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] The number 44.4 in the first column means that 44.4 percent of families with all individuals in the family over age 65 with total incomes less than poverty depend upon social security benefits for 90 percent or more of their income.

Source.—Preliminary data from Survey of Income and Program Participation, March 1979 data.

TABLE 57.—PERCENTAGE DISTRIBUTION OF TOTAL FAMILY INCOME COMPRISED OF SOCIAL SECURITY AND SUPPLEMENTAL SECURITY INCOME FOR FAMILIES COMPRISED ONLY OF AGED INDIVIDUALS CLASSIFIED BY TOTAL MONEY INCOME AS A PERCENT OF THE POVERTY LEVEL

	Less than 100 percent of poverty	100 to 124.9 percent of poverty	125 to 149.9 percent of poverty	Total
Percent of total family income comprised by social security:				
1 to 24.9	1.2	0.2	0.0	8.1
25 to 49.9	1.5	8.3	14.7	22.4
50 to 79.9	15.4	29.7	51.3	32.5
80 to 89.9	6.8	10.3	14.4	5.6
90	[1] 69.0	49.9	18.4	25.4
Percent of families with social security and/or SSI income	96.9	98.9	98.9	94.0
Percent of families without social security or SSI income	3.1	1.6	1.1	6.0
Total	100.0	100.0	100.0	100.0

[1] The number 69.0 in the first column means that 69 percent of families with all individuals in the family over age 65 with total incomes less than poverty depend upon social security and/or SSI benefits for 90 percent or more of their income.

Source: Preliminary data from Survey of Income and Program Participation, Spring 1979 data.

TABLE 58.—RECEIPT OF SOCIAL SECURITY, SUPPLEMENTAL SECURITY INCOME, FOOD STAMPS, AND COMBINATIONS THEREOF, AMONG FAMILIES COMPRISED ONLY OF ELDERLY INDIVIDUALS CLASSIFIED BY FAMILY MONEY INCOME AS A PERCENT OF THE POVERTY THRESHOLD

Type of benefit	Less than 100 percent		100 to 149.9 percent	
	Number	Percent	Number	Percent
Social security	2,400	87.5	2,618	97.3
SSI	820	29.9	1,068	39.7
Food stamps	762	27.8	143	5.3
Social Security only [1]	1,574	57.4	2,242	83.3
SSI only [1]	86	3.1	38	1.4
Food stamps only [1]	20	0.7	0	0.0
Social security and food stamps	606	22.1	143	5.0
Social Security and SSI	594	21.7	271	10.1
SSI and food stamps	481	17.5	64	2.4
All 3	346	12.6	64	2.4
No social security, SSI or food stamps	105	3.8	38	1.4
Total	2,742	.....	2,691	.....

[1] Row four which is labelled "Social Security only" means the familly only receives social security and does not receive SSI or food stamps. The family could be receiving other types of income. The same is true of rows 5 and 6.

Source: Preliminary data from Survey of Income and Program Participation, Spring 1979 data.

TABLE 59.—PERCENTAGE SHARE OF TOTAL INCOME RECEIVED FROM DIFFERENT SOURCES OF INCOME FOR FAMILIES COMPRISED ONLY OF ELDERLY INDIVIDUALS AND CLASSIFIED BY FAMILY MONEY INCOME AS A PERCENT OF THE POVERTY LEVEL

Source of income	All	Total family income as a percent of the poverty level				
		Less than 100 percent of poverty	100 to 124.9 percent of poverty	125 to 149.9 percent of poverty	150 to 199.9 percent of poverty	Over 200 percent of poverty
OASDI	37.6	74.9	75.4	68.8	67.0	26.2
SSI	1.2	14.3	0.0	1.5	0.3	0.0
Veterans	1.0	2.3	0.0	3.5	0.8	0.8
Public pension	8.8	1.7	3.7	3.7	4.5	10.5
Private pension	6.2	2.6	1.9	3.9	8.2	6.7
Earnings	12.7	0.3	3.4	3.5	5.0	15.8
Property income	27.1	3.3	6.2	14.5	12.0	33.3
Other	5.4	0.6	3.1	0.6	2.2	6.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Note.—This table shows the percentage share of the various sources of income for aged only based on their family income compared to the poverty level. The table illustrates that as a family's income increases, the percentage of total income from social security and supplemental security income declines. For families with incomes below the poverty level, 74.9 percent of their income is social security while only 26.2 percent of total income are social security benefits for families with incomes twice the poverty level.

Source: Preliminary data from Survey of Income and Program Participation March 1979 data.

TABLE 60.—PERCENT OF FAMILIES, COMPRISED OF AGED ONLY, WITH SELECTED SOURCES OF INCOME CLASSIFIED BY THE TOTAL FAMILY MONEY INCOME AS A PERCENT OF THE POVERTY LEVEL

Type of program benefit	Total	Total family income as a percent of the poverty level				
		Less than 100 percent of poverty	100 to 124.9 percent of poverty	125 to 149.9 percent of poverty	150 to 199.9 percent of poverty	Over 200 percent of poverty
Social security	93.8	87.5	96.7	98.5	96.7	94.0
SSI	9.4	29.9	13.8	6.5	2.4	0.4
Food stamps	7.2	27.4	5.7	3.6	0.1	0.5
Veterans	6.8	6.6	11.2	13.6	4.6	5.0
Earnings	19.4	2.4	9.8	10.9	17.2	34.0
Property income	75.3	40.8	60.4	83.4	85.4	93.0
Public pension	7.9	0.8	5.5	1.8	3.2	15.3
Private pension	26.2	5.9	9.7	20.2	38.2	38.7

Note.—This table depicts the percent of aged only families that receive a selected source of income. For example, the first number means that 93.8 percent of families comprised of only individuals 65 or older receive social security as a part of their total family income. The bottom number in the last column means that 38.7 percent of families that have a total income of twice that of the poverty level receive private pensions.

Source: Preliminary data from Survey of Income and Program Participation, March 1979 data.

TABLE 61.—PERCENTAGE DISTRIBUTION FOR SELECTED SOURCES OF INCOME OF AGED ONLY FAMILIES CLASSIFIED BY FAMILY MONEY INCOME AS A PERCENT OF THE POVERTY LEVEL

Type of program benefit	Percent of total income received by families with only elderly individuals	Total family income as a percent of the poverty level				
		Less than 100 percent of poverty	100 to 124.9 percent of poverty	125 to 149.9 percent of poverty	150 to 199.9 percent of poverty	Over 200 percent of poverty
Social security	54.4	11.4	11.3	6.7	18.8	51.2
SSI	24.1	70.4	21.7	4.6	2.5	0.7
Food stamps	5.5	82.4	8.2	2.3	0.3	6.7
Veterans	15.2	12.7	10.0	11.7	7.7	58.0
Public pension	23.4	0.8	4.4	0.8	2.7	91.3
Private pension	41.4	0.8	1.7	2.3	14.0	81.2
Earnings	1.3	0.0	1.5	1.0	4.1	93.2
Property income	21.6	0.7	1.3	1.9	4.7	91.4

Note.—This table represents the percentage of selected sources of income distributed to aged-only families at various income levels. The first number in the first column says that 54.4 percent of all social security benefits paid are received by families that only contain aged members. The second number in the first row shows that 11.4 percent of all social security dollars given to aged only families are received by families whose total family income is less than 100 percent of the poverty level. The last number in the first row represents the percent of all social security dollars received by aged only families whose income is twice that of the poverty level (51.9 percent).

Source: Preliminary data from Survey of Income and Program Participation, March 1979 data.

TABLE 62.—SUMMARY COMPARISON OF FAMILIES WITH AN ELDERLY MEMBER CLASSIFIED BY TOTAL FAMILY MONEY INCOME AS A PERCENT OF THE POVERTY LEVEL

	Percent					
	Less than 100	100 to 124.9	125 to 149.9	150 to 199.9	200 or more	Total
Number of families (in thousands)	3,305	2,193	1,067	2,760	9,255	18,579
Percent	17.8	11.8	5.7	14.9	49.8	100.0
Percent with any social security income	86.9	96.5	98.7	93.6	89.0	90.8
Percent with any SSI income	32.6	15.6	8.3	8.5	3.0	10.9
Percent of total family income comprised of social security benefits	53.0	54.8	57.4	43.9	16.5	20.0
Percent of total family income comprised of social security and SSI benefits	17.4	3.4	2.8	6.5	0.3	1.1
Number of persons (in thousands)	4,617	3,180	1,744	4,894	19,465	33,899
Percent	13.6	9.4	5.1	14.4	57.4	100.0

TABLE 62.—SUMMARY COMPARISON OF FAMILIES WITH AN ELDERLY MEMBER CLASSIFIED BY TOTAL FAMILY MONEY INCOME AS A PERCENT OF THE POVERTY LEVEL—Continued

	Percent					
	Less than 100	100 to 124.9	125 to 149.9	150 to 199.9	200 or more	Total
Average family size	1.40	1.45	1.63	1.77	2.10	1.82
Average family income	2,799	4,325	5,609	7,178	20,495	12,606

Source: Preliminary data from Survey of Income and Program Participation, March 1979 data.

TABLE 63.—PERCENTAGE DISTRIBUTION OF TOTAL FAMILY INCOME COMPRISED OF SOCIAL SECURITY INCOME FOR FAMILIES WITH AN AGED INDIVIDUAL CLASSIFIED BY TOTAL MONEY INCOME AS A PERCENT OF THE POVERTY LEVEL

	Total family money income as a percent of the poverty level					
	Less than 100 percent of poverty	100 to 124.9 percent of poverty	125 to 149.9 percent of poverty	150 to 199.9 percent of poverty	Over 200 percent of poverty	Total
Percent of total family income comprised by social security:						
1 to 24.9	2.4	2.9	3.1	3.6	33.6	18.1
25 to 49.9	6.8	12.7	17.1	19.3	32.3	22.6
50 to 79.9	31.9	30.8	51.6	50.3	20.7	30.1
80 to 89.9	7.2	13.2	12.0	10.2	1.2	5.6
90	38.2	36.2	15.0	10.4	0.5	14.0
Percent of families with social security income	86.5	95.8	99.8	93.8	88.3	90.4
Percent of families without social security income	13.5	4.2	0.2	6.2	11.7	9.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Note.—This table illustrates the percentage of the total family income which are social security benefits for families which include at least one aged member. The first column shows for those families below poverty how much of the family's income is comprised of social security payments. For 38.2 percent of the families below poverty, more than 90 poercent of their income is derived from social security payments. This column also shows that more than 86.4 percent of these families receive social security and 13.5 percent of these families do not receive any social security payments.

Source: Preliminary data from Survey of Income and Program Participation, March 1979 data.

TABLE 64.—PERCENT OF FAMILIES, WHICH INCLUDE AN AGED MEMBER, WITH SELECTED SOURCES OF INCOME

Type of program benefit	Total	Total family money income as a percent of the poverty level				
		Less than 100 percent of poverty	100 to 124.9 percent of poverty	125 to 149.9 percent of poverty	150 to 199.9 percent of poverty	Over 200 percent of poverty
Social security	84.7	83.8	95.9	99.4	84.3	82.5
SSI	14.1	46.0	23.7	16.9	26.8	6.3
Food stamps	6.7	29.9	5.7	6.6	0.3	3.5
Veterans	9.2	10.5	9.7	17.5	15.6	7.5
Earnings	62.1	32.2	41.3	54.8	50.9	70.5
Property	79.8	53.6	56.9	52.0	74.2	87.9
Public pension	10.1	0.0	2.8	0.0	3.2	13.8
Private pension	23.7	2.3	8.2	29.4	28.2	27.2

Note.—This table depicts the percent of families who include at least one aged member over age 65, that receive income of a given type. The first number in the first column means that 84.7 percent of all these families receive social security payments. The first number in the last column means 82.5 percent of all families with an elderly member whose income is more than twice that of the poverty level receive social security payments.

Source: Preliminary data from Survey of Income and Program Participation, March 1979 data.

TABLE 65.—PERCENTAGE DISTRIBUTION OF SELECTED SOURCES OF INCOME FOR FAMILIES WHICH INCLUDE AN AGED INDIVIDUAL CLASSIFIED BY FAMILY MONEY INCOME AS A PERCENT OF THE POVERTY LEVEL

Type of program benefit	Total	Total family money income as a percent of the poverty level				
		Less than 100 percent of poverty	100 to 124.9 percent of poverty	125 to 149.9 percent of poverty	150 to 199.9 percent of poverty	Over 200 percent of poverty
Social security	78.9	9.3	9.5	5.6	17.2	58.4
SSI	45.7	50.9	15.8	4.4	15.9	13.1
Food stamps	10.4	72.0	6.1	1.6	3.4	16.9
Veterans	32.1	9.2	7.7	8.7	11.7	62.8
Public pension	44.7	0.4	2.6	0.4	2.3	94.3
Private pension	59.0	0.6	1.3	2.1	12.8	83.2
Earnings	5.3	0.5	1.4	1.0	3.9	93.2
Property income	31.3	0.8	1.2	1.4	3.9	92.7

Note.—This table shows for families with one aged member the percentage of selected sources of income received by families classified by poverty level. The first number in the first column, 78.9 percent, means that 78.9 percent of all social security benefits are given to families that include an aged member. The next number in the first row means 9.3 percent of all social security benefits received by these families are given to those families that have an income of less than 100 percent of the poverty level.

Source: Preliminary data from Survey of Income and Program Participation, Spring 1979 data.

TABLE 66.—ASSET INCOME AND HOME OWNERSHIP BY AGE, SEX, AND MARITAL STATUS, 1975 [1]

	Total	Age	
		65–72	73 and over
Couples:			
Population (in thousands)	6,826	4,118	2,708
Average personal income, dollars	10,652	11,504	9,359
Percent with asset income	73.1	72.8	73.7
Mean asset income, dollars	2,780	2,684	2,924
Percent own home	82.4	83.7	80.4
Percent of owners with mortgage	12.8	18.8	10.4
Nonmarried men:			
Population (in thousands)	2,020	971	1,049
Average personal income, dollars	5,604	5,622	5,588
Percent with asset income	52.6	47.6	57.1
Mean asset income, dollars	1,916	1,620	2,145
Percent living alone	60.9	54.7	66.5
Percent own home	55.8	52.8	58.0
Percent of owners with mortgage	9.1	13.4	6.1
Nonmarried women:			
Population (in thousands)	7,962	3,314	4,648
Average personal income, dollars	4,237	4,825	3,821
Percent with asset income	55.9	57.7	54.6
Mean asset income, dollars	1,673	1,657	1,684
Percent living alone	62.3	65.3	60.2
Percent own home	58.6	59.6	57.8
Percent of owners with mortgage	9.1	12.9	6.0

[1] Asset income includes income derivable from (1) interest on savings accounts or bonds; (2) dividends from stockholdings and membership in associations; (3) periodic receipts from estates or trust funds; (4) net income from rental of property; (5) receipts from boarders or lodgers; and (6) net royalties.

Source: Survey of Income and Education. (O'Neill study).

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